

History of OUS Performance Indicators

Part I: The Early Years (1997 to 2000)

Introduction

Performance measurement and indicators have grown in popularity in higher education organizations in the United States as well as other countries such as Canada, the United Kingdom and Australia. The emphasis is in making informed decisions using the most current research evidence available.

What follows is the story of the development and implementation of an accountability policy for the Oregon University System (OUS) beginning in 1997. The chronological view provides a context to consider present day questions and issues. For those individuals new to leadership positions within the System, this history or case study coupled with policy documents adopted earlier creates a “Handbook.” This Handbook provides more detail and supplements the Frequently Asked Questions (FAQs) also developed to answer the question, “Why are we doing it this way?”

When OUS implemented performance indicators in the late 1990s, we believed there would be a funding premium for the System and institutions that produced more and better-performing graduates, in the fields identified as shortages by the state. Overall, institutions and OUS have improved in a number of important dimensions, such as graduation rates, freshman persistence, entering freshman GPA, philanthropic support, and student diversity. Over the last six years, the Chancellor and staff worked collaboratively with institution presidents and vice presidents to develop a good fit between institution goals and performance indicators, given the various interests of the Board, institutions, and legislators. Despite few resources to undertake this effort, the results reflect the commitment of many individuals to respond to demands emanating from our environment.

As we enter the seventh year, we should consider our expectations for performance indicators. Will the 2007 sunset date mean the end of performance indicators? Or, will the more likely result be increased pressure for some form of quality control and accountability regardless of what it is labeled? What are the “active ingredients” for making the OUS performance indicator process an effective improvement strategy?

Background

Within the higher education industry, systems are in place to monitor the quality and standards of students, faculty, academic programs, and research activities. Some of the results of these evaluative processes include grades for student work, promotion and tenure for some faculty, publication of scholarly work, and funding of promising research ideas. These processes are

embedded in the culture of the academy. The higher education industry is competitive, but differently competitive from other sectors.

It is this difference that prompts demands from business leaders, legislators, and other stakeholders that higher education organizations be more market-driven and accountable for results. What does this mean for public higher education institutions?

- On one side, public higher education's "customers" expect high quality academic programs, more degrees produced in workforce shortage areas, graduates with skill sets that make them ready-to-work, and research ideas that have commercial potential. Having to address these competing demands with limited resource capacity to respond may not matter to students who want extra course sections or employers who want a new academic program approved and on-line immediately.
- On the other side, higher education's cost-effectiveness rests on the ability of the university to control costs, maintain efficiencies throughout the system, keep the student base growing, and find new and replacement streams of revenue. Presidents task Deans with cutting costs and improving efficiency.
- From a business perspective, keeping the balance between the dual demands of meeting customer expectations and maintaining cost-effectiveness is vital to a university's competitive edge. No matter how well each program is operating individually, some "customer" demands are not met.

Constituents question how taxpayer dollars are spent and want public higher education to be accountable. Federal requirements to report academic progress and success of student athletes reflect these concerns. Performance indicators and accountability are used by business and government sectors to improve processes and quality outcomes, and those sectors expect to see similar performance monitoring in higher education.

To respond to demands for accountability, most states have adopted some form of performance measurement. States that have adopted performance measures for higher education include Tennessee, New York, Colorado, Florida, Illinois, Kentucky, Texas, Virginia, Wisconsin, South Carolina, California, Arizona, and Washington.

- Reasons for adopting performance indicators include improving results, rewarding institutions, implementing standards aligning with K-12 reform, and providing budget flexibility.
- Some states were preemptive in designing performance indicator systems, but most developed systems following legislative or gubernatorial pressure to do so. Some have stipulated the performance indicators and targets to be achieved.

Oregon first explored "performance indicators" as a concept in a Presidents Council meeting in 1994. The Board adopted four broad societal goals at its January 1997 meeting to attain the

vision in the strategic plan for 2010, *Education Unbounded*. These goals became part of a legislative mandate to develop performance measures and indicators in the 1997 Legislative Session.

Senate Bill 919

With the passage of Senate Bill 919 by the 1997 Legislative Assembly, Oregon law mandated that the Oregon University System (OUS) develop performance measures and indicators for the goals adopted by the Oregon State Board of Higher Education (OSBHE) in January 1997 (*see Appendix A*). These four goals set in legislation are: access, quality, cost-effectiveness and employability.

These one-word goals start at the societal level with the assumption that they cascade down to the System and campus levels. Many public systems of higher education have adopted similar goals that combine long-standing beliefs about public higher education (Access Goal) with newer ideas about the necessity of college attainment to prepare people for the changing economy (Employability Goal). The intention was not to view these goals in conflict (e.g., access versus quality), but to adopt policies and practices that harmonized access, quality, cost effectiveness, and employability.

- The Oregon Business Council (OBC) and Associated Oregon Industries (AOI) introduced the original legislation calling for accountability and performance measurement for the Oregon University System.
- This law requires regular reports to the legislature about implementation progress and results, and includes a sunset date of 2007.
- Several of the OSBHE members were serving on, or had already served on, the Oregon Progress Board (OPB). The governor created OPB in 1989. OPB focused on using benchmarks as measures for the state's overall well being. The first strategic plan, *Oregon Shines*, provided baseline data and targets for 2005 and 2010 for over 250 benchmarks designed to monitor the attainment of a new vision for Oregon.

The many planning discussions that ensued within OUS happened in formal meetings of the Board, Academic Council, and Presidents Council as well as meetings in less formal settings. Some participants were skeptical that the new approach would bring more dollars to higher education. Others were concerned that the boundaries between public values and commercial interests were disappearing. Reducing “what higher education does” and the “results of what it does” to a handful of indicators was difficult.¹ OUS was already measuring many facets of the

¹ The process was public and open to Board members, Chancellor and staff, campus leadership, and legislators. The Chancellor's Office did not deliberately seek the involvement of faculty, students, or other constituents. Beyond the faculty and student representatives at the formal Board meetings, we believed that institutions had the responsibility for informing campus communities—deans, department chairs, faculty, and others. Several institutions involved senior faculty, deans and directors through existing structures and processes, or created new ones.

higher education enterprise as demonstrated by the publication of the *OUS Fact Book* every two years. But was it measuring what people outside the enterprise valued and held their interest? Would measurement of improved performance make a difference?

One of the issues debated was shifting the focus of measurement from input and process indicators to output and outcome indicators.

- The traditional approach of measurement used by higher education organizations has focused on such measures as the number of students admitted, the level of state appropriations per FTE student, administrative cost per FTE student, student/faculty ratio, average high school grade point average for entering freshmen.
- A more outcomes-oriented approach focuses on graduation rates, customer satisfaction, demonstrated value of program, mastery of subject matter, and customized learning opportunities.²

The OUS performance indicator initiative responded to demands in the environment to be accountable to constituents, responsive to “customers,” and more market-driven to meet the demands of the changing economy. This emphasis reflects a significant shift in values for public higher education in the United States, extending market and business principles into the traditional values of sustaining democratic political and civic life.

This is not to suggest that higher education has not played a significant role in economic and workforce development in the past. Federal investments — the Morrill Act creating land-grant universities and the G.I. Bill providing financial support to returning war veterans to attend college— were designed to serve the public interest. Corporate investments in academic and research programs at public universities are designed to serve private interests. However, the current call for accountability is different and is changing how public universities operate.

Implementation Plan

In response to the state mandate, OUS developed a work plan and timetable to phase in implementation of performance indicators. The purpose of improving processes through performance measurement and quality control was to:

- Provide better and more reliable information on the nature and performance of Oregon’s public higher education sector as a whole;
- Influence policy developments; and
- Contribute to the public accountability of higher education.

Given the limited resources to implement an accountability system, OUS chose indicators for

² In the rankings of state policy in *Measuring Up* and of institutions in *U.S. News and World Report: America’s Best Colleges*, a combination of input, process and output measures are used.

which baseline data already existed before developing data and baselines for “dataless” indicators.³ The OUS process took advantage of existing federal reporting requirements by aligning institutional reporting with the Integrated Postsecondary Data Systems (IPEDS), the core data postsecondary data collection program for the National Center for Educational Statistics (NCES).⁴

In October 1997, the Board approved 30-plus indicators of the four goals upon the recommendation of Chancellor’s staff. The Board asked for the verbal commitment of senior campus administrators that they would implement performance indicators. (See *Figure 1*) The agreements reached by consensus include:

- Focus on aggregate System performance in reports to the legislature and public;
- Create OUS targets by rolling up institution targets;
- Report targets and performance as “percentage change” to emphasize movement towards improvement targets; and
- Reflect individual institution characteristics and de-emphasize competition between OUS institutions by discouraging comparisons in performance results.

From the perspective of the Board, institutions would be responsible for setting targets, developing processes or initiatives to achieve targets, and improving results; and the Board and Chancellor would monitor and hold campuses accountable for the results of these efforts. To implement the performance indicators on the campuses, the Academic Council and Assessment Council played instrumental roles.

³ Existing data collection efforts drove the selection of performance indicators in all states.

⁴ The Integrated Postsecondary Education Data System (IPEDS) is a single, comprehensive system designed to encompass all institutions and educational organizations whose primary purpose is to provide postsecondary education. The IPEDS system is built around a series of interrelated surveys to collect institution-level data in such areas as enrollments, program completions, faculty, staff, and finances.

Academic Council and Assessment Council

The Assessment Council was created in 1994 initially to assist with the implementation of the Oregon Assessment Model (*See Figure 2*). Appointed by the provosts, the campus representatives to the Assessment Council included director-level appointments from Institutional Research, Student Affairs, Budget and other campus departments. This diverse group created a rich environment in which to obtain feedback on new ideas and share strategies for designing assessments and improving learning outcomes.

With the introduction of performance indicators, the focus of this group changed from accountability-within-assessment to overall accountability in the spring of 1997. The OUS survey of recent bachelor's graduates, developed in collaboration with the Assessment Council, was carried over into the accountability effort as a way of collecting information about the satisfaction with and rating of their overall educational experience, and educational outcomes (e.g., whether or not they were employed, attending graduate school, or unemployed).

The Assessment Council discussed the opportunities and limitations of performance indicators, including the challenge of operational improvements needed for successful implementation. Despite an emphasis on counting things and ensuring the accuracy of data, the conversation about what matters most in affecting educational outcomes was paramount. Among the substantive issues discussed were:

- How to measure learning and the mastery of subject matter material;
- The need to focus on “all students” not just “the traditional undergraduate student;”
- The need to track performance in real-time so improvements can be made; and
- The need to consider capacity and fiscal realities in setting improvement targets.

The Assessment Council worked collaboratively and debated performance indicator implementation issues, reached consensus and brought recommendations to the Academic Council for their review and adoption.

These opportunities to work through issues were critical to engaging campuses in shaping the direction and moving forward, despite some initial resistance. The members of the Assessment Council were aware of the national trends in assessment, accountability and accreditation and wanted to be in control of their destinies. (The Assessment Council was reconstituted as the Interinstitutional Planning and Research Group in July 2003 with the reorganization of the Chancellor's Office.)

Baseline Performance Reports

The Assessment Council and Chancellor's staff worked to complete Baseline Performance Reports in March 1998 for the System and each institution. These reports included ten-year trend data for indicators (when available), identified improvement targets for 2005, and provided a brief description of campus initiatives to reduce the gaps between the current performance and

the 2005 targets. The report to the Board focused on System-level data and targets. Despite our efforts to focus on aggregate performance, *The Oregonian* ran a story in which the data were converted to letter grades for each campus.

The Baseline Performance Report for the System was presented at a legislative hearing in 1999 at the time the new resource allocation model was being proposed. In the hearing, the Oregon Business Council advocated performance reports for every institution to create a system driven by market-driven notions of competition, individualism, and consumption.

Resource Allocation Model Link

As OUS was developing performance indicators (PIs), the Board Budget and Finance Committee began creating what is now called the Oregon Resource Allocation Model (RAM). The RAM redesigned how state appropriations, tuition and fee revenues, and targeted state funds would be distributed to campuses. After discussing several emerging implementation issues related to the RAM and the PIs at a Presidents meeting in December 1998, recommendations specific to performance indicators included agreement to:

- Align institutional goals and indicators with OUS goals and indicators “at the pain points;”⁵
- Link a limited number of PIs to performance funding;
- Include a common set of PIs for all campuses and some indicators unique to each campus to reflect mission differences;
- Develop a System plan for developing data for “dataless” indicators⁶;
- Use the newly developed lists of peer institutions to inform the setting of improvement targets;
- Develop a system for modifying existing as well as developing new indicators and targets; and
- Ensure that the process can pass the standards of an external and internal audit process.

⁵ A few campuses already had in place a system of performance measurement, and issues about defining measures and indicators differently from the OUS initiative created data inconsistencies that needed to be explained or reconciled. These inconsistencies proved to be distracting to the overall conversation of focusing on results.

⁶ Indicators for which we lacked data altogether included undergraduate abilities, employer satisfaction, lifelong learners/alternative formats, program productivity, economic impact, and time-to-degree for graduate and professional students. Pass rates on professional licensure exams proved problematic due to inconsistency in reporting by several professional standards boards.

Data Development

The work plan called for OUS to develop methods to gather data for several indicators for which data were not available systematically. These indicators included internships, economic impact, and employer satisfaction, all topics of interest to business and legislative leadership.

- After exploring options for using the student database to develop internship data, the Academic Council agreed with the staff recommendation to add questions about participation in internships to the OUS survey of recent graduates.
- A work group of two provosts (UO, WOU), two administration vice presidents (PSU, OIT), and Chancellor's Office staff (Controller and PI Lead Staff) reached consensus about how to measure indicators related to the cost-effectiveness goal: philanthropy, current fund balance, and faculty compensation. This group also considered capital improvements and the deferred maintenance backlog, but did not resolve issues of data interpretation (e.g., when a deferred maintenance backlog increases, it is not a good thing; setting ratios for capital repair budgets ignores the age of the building inventory and the impact of bringing a new building on-line).
- A working group of administration vice presidents (OSU, PSU), a provost (WOU) and the PI lead staff worked with a consultant to develop a consistent methodology for studies of the economic impact of each institution on its local community/region and the economic impact of the OUS-as-a-whole on the state's economy (e.g., leveraged resources, new jobs created, new spending).
- The Chancellor's Office delayed the development of a survey of employer satisfaction due to lack of funding.

External Review Process

An ad hoc committee of Board members, Chancellor and his staff, several presidents and provosts, and business and community leaders reviewed the policy direction. This group discussed the value of the process. They considered whether the indicators reflected the core mission, the drivers that would lead to improvement, and whether targets seemed reasonable. The group was very supportive of the direction and favored setting targets that were higher.

Incentive Funds

The OUS Budget Request for 1999-2001 identified performance funding as one of the targeted programs. (See *Figure 3*) OUS allocated less than 1 percent of the instructional component of the Education and General budget to performance incentives. Based upon input from the Academic Council and discussions with legislative staff and leaders, two indicators were tied to funding— freshman persistence and new Oregon transfers.

- OUS planned to increase the resources for performance funding up to 5 percent of the

instructional Education and General budget by 2003-2005, similar to the percentage used by the state with the longest record of using performance funding.⁷

- Compared to other states such as South Carolina, the OUS Performance Indicator and Performance Funding initiative would be characterized as relatively “low risk” for Oregon’s public, four-year institutions.

In the first year of implementing the incentive component, OUS allocated the largest portion of the small incentive fund pool to all campuses for meeting (or nearly meeting) improvement targets. An incremental approach to implementing the small sum of money, and the uncertainty around the effects of RAM implementation on campus revenues, dampened notions of making significant award differences in the first year. To support the importance of merit-based and differential awards, OUS Internal Management Directives (IMDs) were revised to include institutional performance in the presidential evaluation process. Presidents were asked to address the alignment of institution vision and strategy, their contributions and activities, and the results or insight from the performance indicator process. One-time merit increases were given to two presidents for significant improvement in performance indicator results. (As of July 2004, the presidential self-evaluation process will be decoupled from the annual institutional performance reporting process.)

Emergency Board

As required in a legislative budget note, OUS went before the Emergency Board (E-Board) to secure release of the first (and what turned out to be the last) performance funds in September 2000. The E-Board released the funds because of the “good faith” effort to implement performance indicators, but also expressed frustration and wanted OUS to do the following:

- Increase the number of performance indicators tied to performance funding;
- Drop enrollment-based indicators (i.e., new Oregon transfer students) since enrollment growth was already rewarded as part of the RAM;⁸
- Make the improvement targets more challenging for campuses; and

⁷ Tennessee has over 25 years of experience with performance funding. Institutions have the opportunity to earn a budget supplement of approximately 5.45% of the instructional component of its education and general budget for carrying out the following activities: obtaining accreditation academic programs; testing graduating students in their major fields and in general education using standardized externally developed examinations, and demonstrating that graduates scores at or above national averages on these tests; surveying enrolled students, recent graduates, and/or community members/employers to assess their satisfaction with the institution's academic programs and student services; conducting peer review of its academic programs; and clearly implementing the implementing the results of the assessment activities for campus improvements and programmatic revisions.

⁸ Enrollment is rewarded theoretically in the RAM, since the levers for funding required and quality desired have not been aligned. Given reductions in the funding relative to peers, enrollment growth at some campuses has translated into less funding per FTE student. Some campuses have the capacity to enroll additional Oregon students based on tuition receipts only or “on the margin.”

- Differentiate campus performance in decisions to allocate performance awards.

In sum, the legislators viewed the process as lacking credibility and being too timid. They wanted to see “winners” and “losers”. By the end of the hearing, OUS agreed to come back with a different approach for the next round of performance awards. Given the promises to campuses for distributing awards in that year, the incentives were given to the campuses as proposed.

Part II: The Middle Years (2001 to 2003)

In the final four months of 2000, OUS changed the Performance Indicator and Performance Funding Policy to reflect the issues raised by Emergency Board. The process included negotiating compromises between the Board, campus leaders, and then Representative Kurt Schrader (now Senator Schrader) from Canby. The common goal was to increase the efficiency of creating individual reports for seven campuses and an aggregate System report and to create a more credible process for the legislature and other constituents.

As the Board and campus leaders progressed in their understanding of “measuring what is valued” (over “valuing what is measurable”), the longer list of performance indicators was reduced to Key Performance Indicators. At its February 2001 meeting, the Board of Higher Education approved revisions to the October 1997 and January 2000 policy statements.

Streamlining PI Process

A subgroup of Provosts (OSU, UO, OIT, and EOU) met several times to consider indicators that should be tied to funding and the target-setting process to be used. To meet the demand by the public and policy makers for greater accountability in Oregon public higher education, OUS modified the performance indicator and performance funding policy based on discussions with the Councils:

- Twelve of the 30 indicators were designated “Key Performance Indicators”; (*See Figure 4 and Appendix B*)
- Five indicators would be linked to performance funding and would be common for all seven campuses;
- Two additional indicators, also linked to performance funding, would be selected by each institution to reflect institutional uniqueness in mission and strategic directions;
- Institutions would set improvement targets for only the indicators tied to performance funding (streamlining the number from 30 to 7 indicators with targets); and
- Guidelines for setting mission-specific targets would be developed.

Common Indicators: The Common Indicators tied to funding for which targets had to be set included the following five indicators:

- *Persistence.* First-time, full-time freshmen that persist to the second year;
- *Satisfaction.* Recent bachelor's graduates that rate their overall educational experience as "very good" or higher;
- *R&D.* Total sponsored research and development (gifts, grants, and contracts) expenditures and average expenditures per full-time ranked instructional faculty;
- *Degrees.* Total degrees awarded (includes bachelor's, master's, doctoral, and first professional); and
- *Degrees in Shortage Areas.* Total degrees conferred in Oregon's shortage areas with each campus selecting either (a) engineering /computer science fields or (b) a K-12 education specialty designated "a shortage area" in Oregon (i.e. administration, special education, and math and science high school teachers).

Mission-specific Indicators. The OUS Academic Council approved guidelines for selecting these indicators, which would be tied to performance funding:

- Campuses must select at least one indicator, or subset, from the remaining seven Key Performance Indicators (or the 30 performance indicators approved in 1997 due to the availability of baseline data).
- Campuses had the option of developing an indicator and taking responsibility for gathering data, reporting results, and maintaining an auditable record. The indicator had to focus on output or outcome, instead of input or process. For example, increasing the enrollment of women in male-dominated disciplines would also require tracking their successful completion.
- The Chancellor reviewed and approved the two indicators selected by each campus.
- OUS intended to increase the number of indicators tied to funding until all Key Performance Indicators were tied to funding with the expectation that campuses would also be interested in adding a few more mission-specific indicators.

In addition to streamlining the indicators, the campuses needed a method for setting improvement targets.

Target-setting Method. With the indicators reduced in number for the annual report, the challenge was to develop a process for setting challenging but still realistic improvement targets. Following the general practice of *Oregon Benchmarks*, campuses were required to set two targets, one based on improving against one's own past performance and the another based on reducing the gap in performance with that of peer institutions. We created a target calculator to

create two targets for each indicator tied to funding which became the basis for negotiating the final target for campuses. (See *Appendix C*.)

- Campuses set targets based on improving against their own campuses baselines. These targets are called “sustaining improvement targets,” “low targets,” or “riding the wave targets.”
- Campuses set targets based on benchmarking the performance of peers or based on getting to improvement in half the time, or doubling the improvement represented in the sustaining improvement target. These targets are called “accelerated improvement targets” or “high targets.”

A common business approach is to focus on closing the gap in performance between the leader in the relevant group and one’s own performance. Because the gaps were great between the performance of OUS institutions and that of their peers for several of these performance indicators, we modified this approach. For the most part, OUS institutions were at the very bottom or bottom quartile of their peers. Compared to their peer groups, the quantity of performance needed to close the gap was set at the average performance in the peer group instead of the leader in the peer group. (See *Figure 6*) For the indicators using IPEDS data conventions, such as freshman persistence, the performance of the institutions in one’s peer group could be located easily to identify performance gaps and set targets. (See *Appendix D*)

To understand the benchmarking process used in Oregon Benchmarks, the Executive Director of the Oregon Progress Board,⁹ was invited to meet with the Assessment Council. In reviewing the performance indicators and improvement targets, he noted that if campuses are performing at 90% or higher compared to the peer leader, one should consider performance as “good enough.” The benefit of making the last percentage point changes usually does not offset the costs of achieving the improvement. He expressed concern that graduation rate (or program completions) was not among the indicators tied to funding. After some debate over whether “The Goal” was degree production, he asserted those outside the academy believed it to be the core function and he advised including it.

Peer Review Process. A subcommittee of campus leaders (UO, OSU, PSU, and SOU) developed a peer review process to make incentive award allocation decisions. The subcommittee recommended distributing the incentive pool between the common and institution-specific indicators in the following manner: 60% for the common indicators and 40% for the institution-specific indicators. In February 2001, each provost reviewed the performance of six campuses (excluding their own) and assigned point values for campus performance. The anticipated added

⁹ The Oregon Progress Board was created in 1989 to develop and nurture a preferred vision for Oregon’s future. Once a direct report to the Governor, the Progress Board is now housed in the Department of Administrative Services (DAS). President Frohnmayer has served on the Board for many years, as have former Board of Higher Education members in addition to Oregon business leaders. What started out as 250+ indicators is now reduced to 90 benchmarks against which Oregon’s progress is “graded.” The biannual Oregon Population Survey conducted by the Oregon Progress Board and Office of Economic Analysis and U.S. Census data provide the data for many of the Oregon Benchmarks indicators.

value of involving provosts in the peer review was increasing the ability to think strategically about performance indicators as well as provide feedback to each other about progress toward targets and the legitimacy of targets.

This hope was jettisoned, however, when the budget shortfalls in 2002 and resources set aside for performance incentives were redirected to other OUS priorities. Performance funding was included in the OUS Budget Request for 2003-05, but performance funding was deleted from the Governor's Budget Recommendation. In the current economic downturn facing most states, performance funding appears to be waning in higher education. Despite an uncertain future for performance funding, interest in accountability is increasing in the public higher education environment, and the call for performance measurement persists.

New Indicator Development. OUS completed data development for two “dataless” indicators of high interest to the Board, legislature, and business leaders – graduates completing internships and employer satisfaction.

OUS-Approved Internships. Because of problems with consistent campus coding of internship data on the common SCARF database, OUS began collecting internship information through the survey of recent graduates. Subsequently, an inter-institutional committee (EOU, OIT, OSU, SOU, UO, PSU) developed criteria for an experience to be designated an “OUS-approved internship” and refined the categories for coding instructional courses, permitting more consistent internship data to be accessed from the SCARF database. Campuses with programs for students to gain relevant work experience that do not generate course credit are responsible for developing systems to add students to the appropriate SCARF field whether or not credit is awarded.¹⁰ Data for internships should be available in October 2003 and should provide greater understanding as to whether this will be an acceptable way to capture the information. (*See Appendix D*)

Employer Satisfaction. Surveying employers at the campus-level was new territory for most campuses, with the exception of Oregon Institute of Technology (OIT) and Southern Oregon University (SOU). Surveying employers at the system-level is new territory for OUS and other systems. One notable exception is OUS efforts to ascertain how well newly licensed teachers are doing in K-12 schools.¹¹ Universities are more likely to secure employer feedback at the program level and related to accreditation reviews.

Because of public and private investments to improve the number and quality of engineering and computer science graduates, the Chancellor's Office decided to survey employers who hired OUS graduates in these fields. The survey of employers of engineering and computer science graduates was outsourced to a business and communications research firm in 2002.

¹⁰ Campuses are responsible for including in the SCARF database students who participate in non-credit bearing internships such as OSU's MECOP.

¹¹ Holly Zanville, Associate Vice Chancellor, OUS Academic Affairs, has led the effort to assess teacher performance from the perspective of the principal employer. Some of this work has been supported by a FIPSE grant and involves a statewide approach including “graduates” of public and private colleges/universities with teacher training programs.

OUS will continue to explore options for surveying the satisfaction of employers by participating in the development of a pilot survey of employer satisfaction being developed by Noel-Levitz, a national vendor of student satisfaction questionnaires used by many campuses. This approach could possibly yield national norms from which to compare Oregon institutions with peers.

DAS Links to Benchmarks (2003)

The Oregon Progress Board was created in 1989 to develop and nurture a preferred vision for Oregon's future. The state's strategic plan was called *Oregon Shines*. The Progress Board uses benchmarks to measure and track the state's economic, social and environmental health.¹² What started out as 250+ indicators has been reduced to 90 benchmarks against which to measure Oregon's progress. The data for one-fourth of the indicators are provided by the biennial Oregon Population Survey conducted by the Oregon Progress Board and Office of Economic Analysis and U.S. Census data. The 2003 Report to the Legislature is available on-line at: www.econ.state.or.us/opb/2003report/Report/2003BPR.pdf.

In 2002, Harvard University's Institute for Government Innovations in the Kennedy School of Government honored the Oregon Progress Board for its innovation in the public sector. The Oregon Benchmarks model has been replicated by other states and has informed both practice and public policy debates at the federal level of government and within nonprofit and private sectors.

Once a direct report to the Governor, the Progress Board is now administratively placed within the Department of Administrative Services (DAS). Since its inception, efforts have been made to link the legislative budgetary process to benchmarks. The Department of Administrative Services required that the performance indicators and measures adopted by each state agency be linked to Oregon Benchmarks in the last two legislative sessions.

The benchmarks for which OUS is listed as a lead agency include:

- OBM 24 Percent of Oregon adults with some college
- OBM 26 Percent of Oregon adults that have a college degree (a) bachelor's degree (b) advanced degree
- OBM 4 Net Job Growth
- OBM 7 Industry research and development expenditures as a percentage of

¹² Duncan Wyse was the Founding Executive Director and Jeff Tryens has served as the Executive Director for the past six years. The Governor appoints nine members, the President of the Senate appoints one Senator and the Speaker of the House appoints one Representative. Higher education has participated through the Governor's appointment of members including President Frohnmayer, Board of Higher Education members, and faculty experts. Each agency, including Oregon University System, appoints staff to maintain contact with the Oregon Progress Board.

Gross State Product (GSP) (a) public/private (b) academia

OBM 11 Per capita income as a percentage of the U.S. per capita income

During the two most recent legislative sessions, OUS has reviewed these five benchmarks, described the OUS measures and indicators related to the Oregon Benchmarks, and provided data demonstrating results in the Annual Budget Requests and legislative hearings. The Joint Ways and Means, Education Subcommittee in April 2003 reviewed each of the 25 indicators included in the OUS Budget Proposal for 2003-05. The 25 indicators reflect the longer list of indicators originally developed with the addition of indicators related to technology transfer and aligned with the OCKED initiative. (See Appendix F.) The Education Subcommittee requested and OUS agreed to give priority in the listing of student diversity, establish an indicator of serving low-income students, and develop cost effectiveness indicators. OUS will be developing these indicators in 2003-04.

Part III: The Years Ahead

The National Context

Several reports suggest a changing environment for higher education accountability—*Measuring Up*, *U.S. News & World Report: Best Colleges* rankings, and federal legislation for K-12 known as *No Child Left Behind (NCLB)*. A growing emphasis on accountability in K-12 education is likely to spread into higher education in the Reauthorization of the Higher Education Act (HEA) in 2004.

During the reauthorization process, Congress is expected to consider issues of accountability that could shape the OUS initiative. Some of the issues mentioned include:

- Effectiveness of the HEA programs in increasing post-secondary access;
- Factors influencing college prices and the appropriate federal role, if any, in addressing price increases;
- Impact on HEA student aid programs of the growth in federal tax benefits for post-secondary expenses;
- Measures that might be used to hold participating institutions accountable for educational outcomes; and
- Impact of the growth in post-secondary distance education.

Congress may consider what would be reasonable and effective measures to hold institutions accountable, such as student loan default rates, graduation rates, and pass rates on professional licensing or certification examinations. The HEA already supports pass rates on professional

licensing exams as an accountability measure for teacher education programs at higher education institutions.

There is also concern at the federal level that the appropriateness of accountability measures may be affected by changes in the demographics of postsecondary education students. Are the relevant outcomes measures different for non-traditional students than they are for traditional students, given potential differences in such areas as educational objectives between these two groups of students? At a recent SHEEO meeting, a federal official invited to address the participants was critical of targets that appear to “ride the wave” of improvement and will be looking for “stretch targets.”

In addition to the debate leading up to the Reauthorization of the Higher Education Act in 2004, the *Measuring Up* Report Card grades state policy related to preparation, participation, completion, and benefits of a college education. For the first two Report Cards, all 50 states received an “Incomplete” for learning outcomes. A handful of states are looking at how to remove these incompletes by identifying and measuring, “What every college graduate should be able to do.”

Accountability in Oregon in 2003-04

Apart from these national developments, OUS is at a place where several issues related to accountability, specifically the performance indicator component need attention. Among these are:

- Whether targets should be set differently given the current fiscal environment;
- Whether we have capacity to make improvements, serve more students, serve different groups of students, or serve students differently;
- Whether the broad goals, which were examined productively in the Board’s System Strategic Planning Committee and the Joint Boards Working Group last year, can be translated into more specific goals that reflect the unique mission, opportunities, capabilities, and challenges facing each university;
- Whether we continue to use aggregate versus institutional performance data in reports to the public;
- Whether OUS should revisit earlier OUS discussions about learning outcomes begun in the mid-1990s;¹³

¹³ The OUS Academic Affairs assessment effort focused on this question at the same time PASS was developing college admissions standards. Although we were unable to come to a shared understanding in the Assessment Council about the “essential abilities and competencies” of a bachelor’s graduate, every campus made some progress towards examining the general education component of the curriculum, determining the courses associated with improved learning outcomes, and designing appropriate assessments with the support and direction from the Northwest Association of Schools and Colleges.

- Whether we need a system for reconsidering indicators in the context of what indicators make sense in the 21st Century including the full range of students served by OUS campuses as the multiple pathways to college become more the norm for some campuses than the traditional, full-time student;¹⁴
- Whether performance funding has a place in the rebuilding and fine-tuning of RAM.

These questions are intended to provoke discussion. We may think of other questions that are more relevant and should be added to the list. In thinking ahead, we need to establish priorities and a work plan for considering the issues deemed most important to consider. For your reference, the timetable for producing the performance report for 2003-04 is in Figure 7. The 2002-03 Performance Reports for the System and each OUS institution are in Appendix G.

¹⁴Dolence and Norris (1995) labels some of the performance indicators included by OUS as internally defined indicators (e.g., average high school GPA of incoming freshmen, graduation rate of incoming, full-time freshmen, numbers of degrees awarded, administrative cost per FTE student, student/faculty ratio, tuition revenue). Indicators that are externally defined by primary and secondary customers look very different

Figure 1. OUS Strategic Plan, Goals, and Indicators
Oregon University System Proposed Performance Measures and Indicators

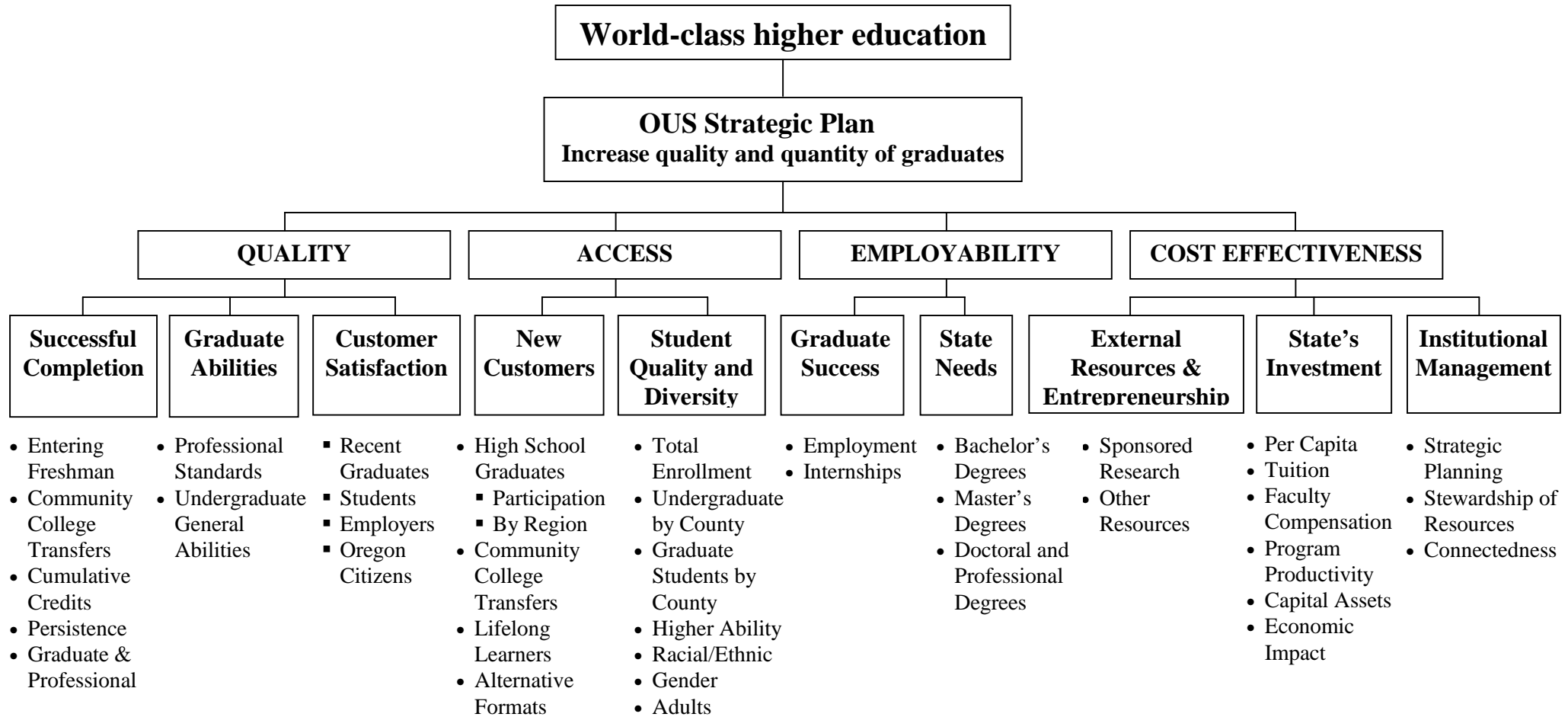
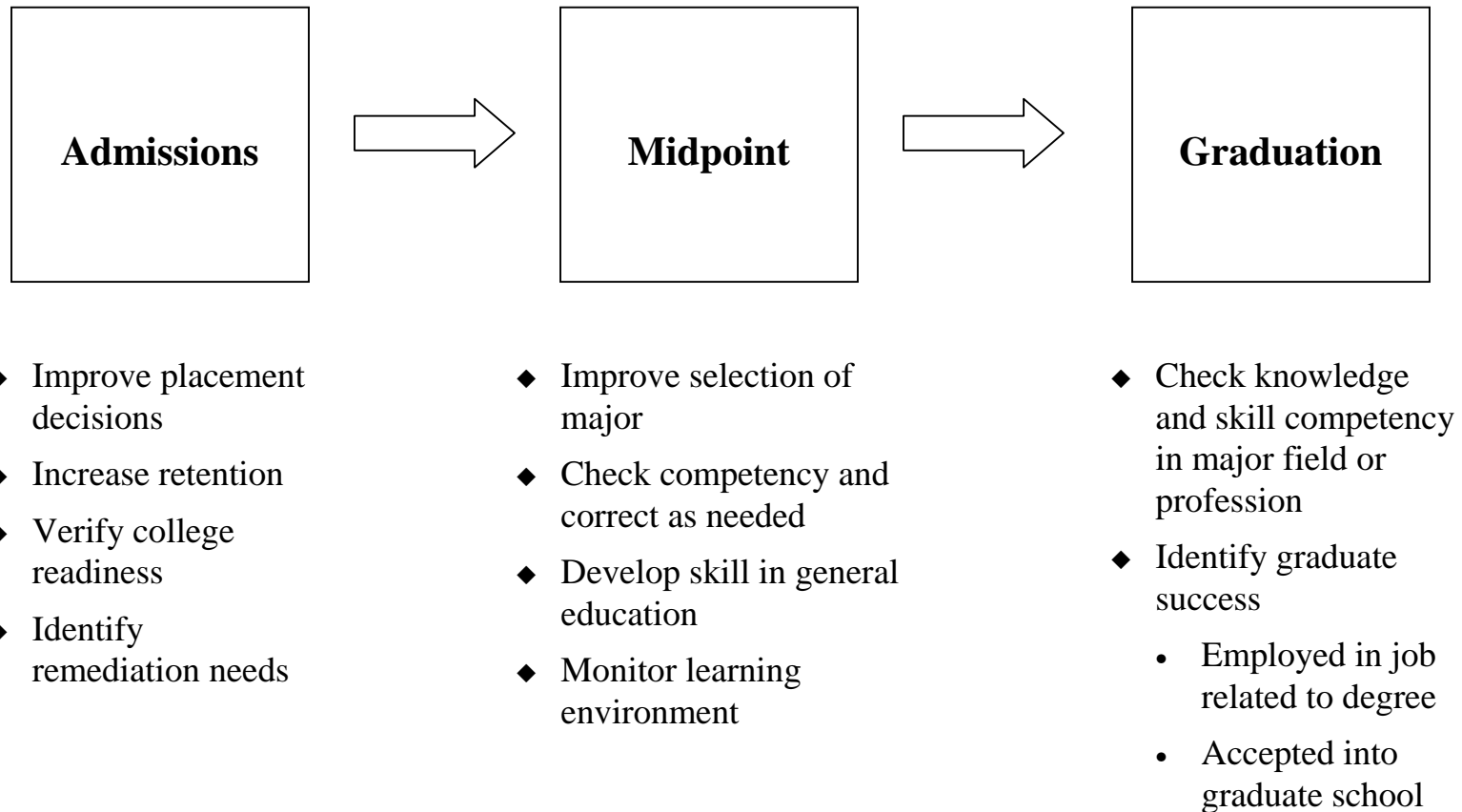


Figure 2. Oregon Assessment Model

Checkpoints for Gathering Evidence About Undergraduate Student Performance



Note: Model approved by Academic Council in fall 1993.

Source: Higher Education Assessment and Accountability, OSSHE/OUS Academic Affairs, April 21, 1995

Figure 3. Oregon Resource Allocation Model
(1999-2001 OUS Budget Request)

Campus Based Revenue

- Tuition and Fees
- Sponsored Programs
- Auxiliaries
- Gifts and Grants

State Tax Funds *

Per Student Support

- Student Centered
- Understandable
- Accountable
- Stakeholders know what they are buying
- Limited number of allocation elements

Targeted Programs

- Statewide Public Services *
- State Initiatives *
- Performance
-
- Specialty Disciplines
-
- Transition Funding
-
- Regional Access
-
- Support for Research
-
- Public Services
-
- Board Initiatives

* *Determined by Legislature*

Note: The current RAM does not include performance.

Source: 1999-2001 Biennial Budget Request, Oregon University System, July 16, 1998

Figure 4. OUS Key Performance Indicator Framework

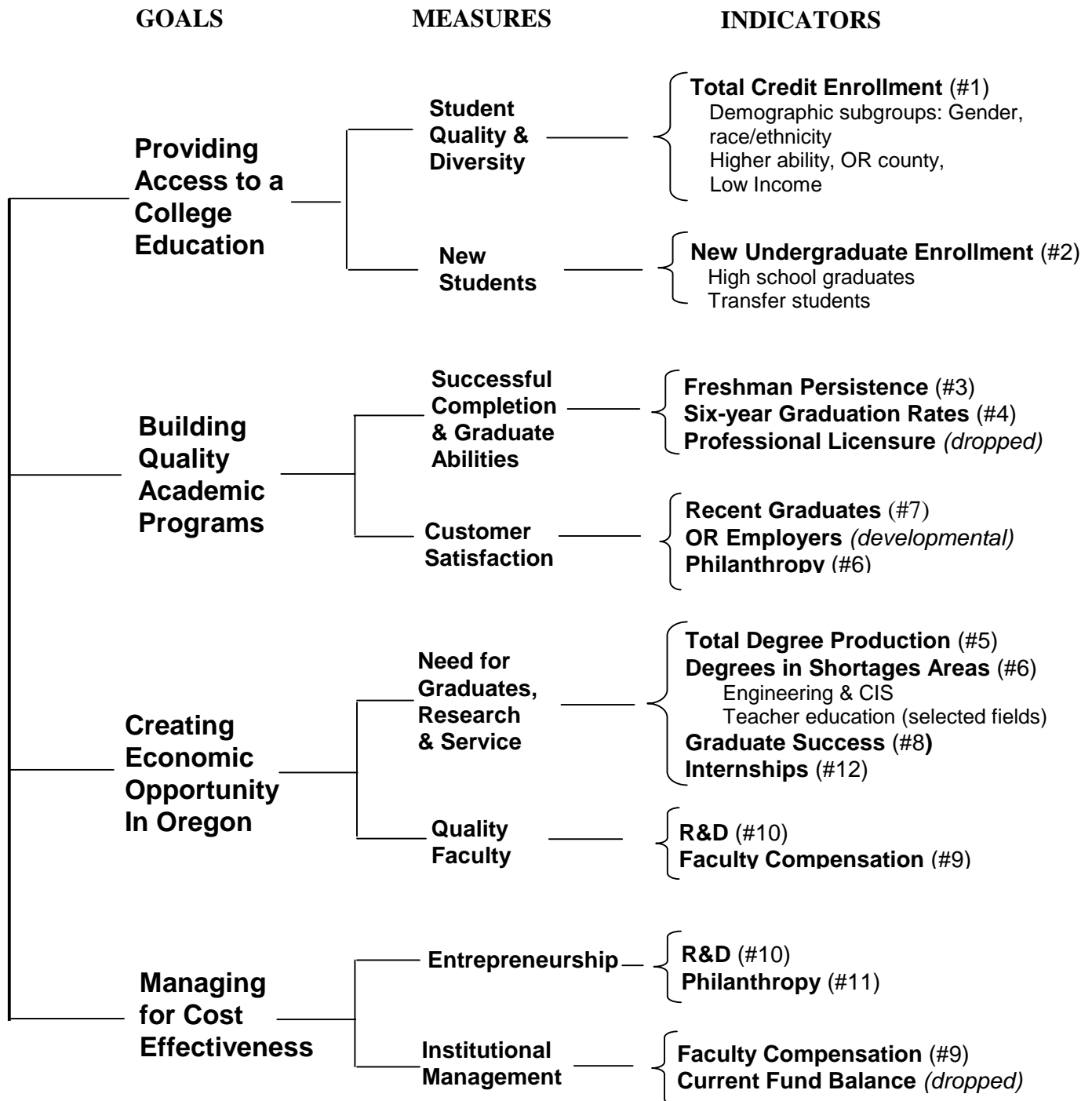


Figure 5. Oregon University System Peer Groups

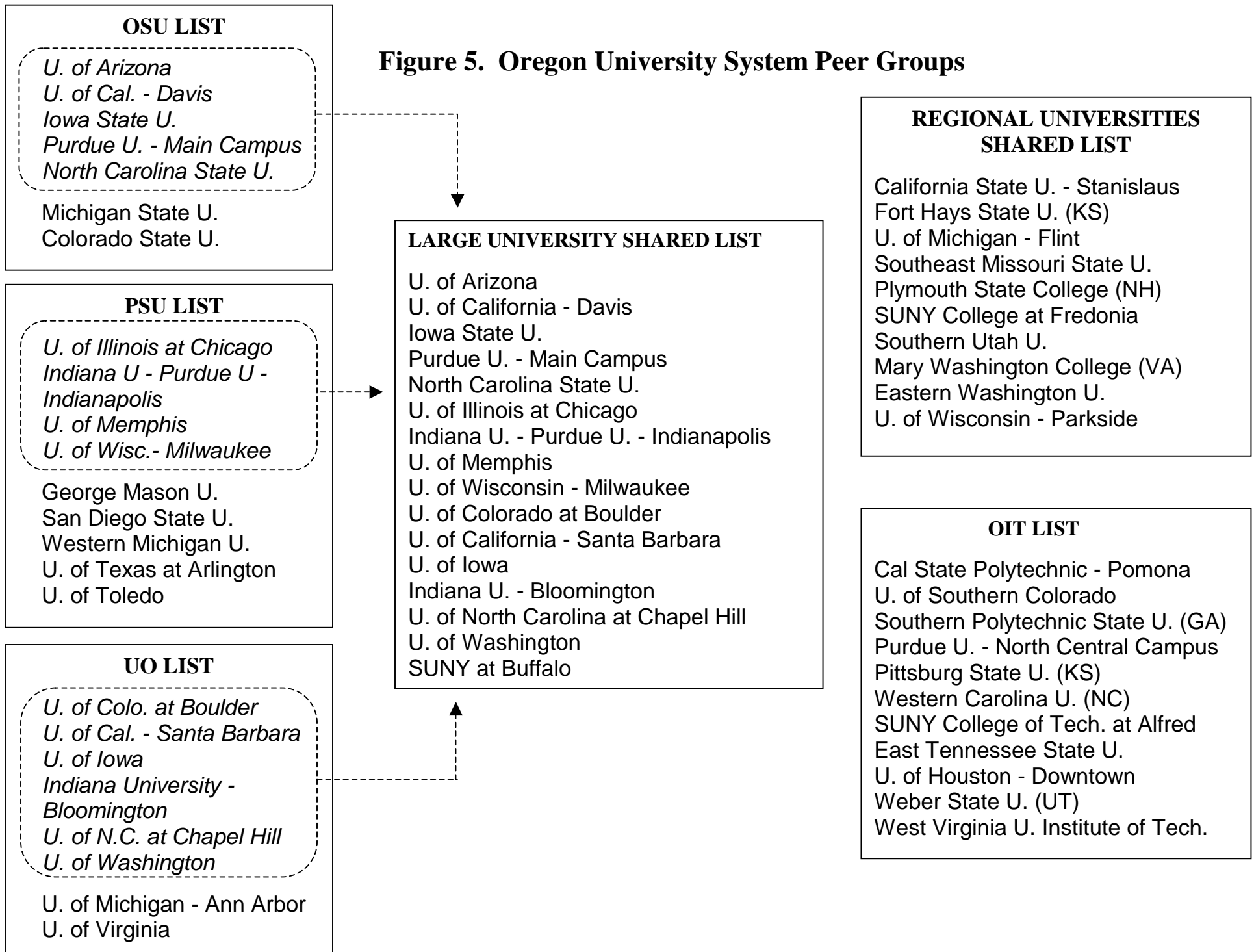


Figure 6. Determining the Performance Gap to Set Targets

Institution A

Indicator	Desired Target (Peer Leader)	Modified Target (Average Peer)	Current Performance	Gap to be Closed (Percentage Points)
Six-Year Graduation Rates ¹⁵	73.7 %	63.4 %	58.3 %	Leader: 15.4 Average: 5.1
Persistence ¹⁶	91.0 %	84.8 %	79.0 %	Leader: 12.0 Average: 5.8
High-Ability Entering Freshmen ¹⁷	95.0 %	36.0 %	19.0 %	Leader: 76.0 Average: 17.0

Institution B

Indicator	Desired Target (Peer Leader)	Modified Target (Average Peer)	Current Performance	Gap to be Closed (Percentage Points)
Six-Year Graduation Rates ¹	92.2 %	72.2 %	58.7 %	Leader: 33.5 Average: 13.5
Persistence ²	97.0 %	89.2 %	82.0 %	Leader: 15.0 Average: 7.2
High-Ability Entering Freshmen ³	95.0 %	48.8 %	21.0 %	Leader: 74.0 Average: 27.8

¹⁵ IPEDS Graduation Rate 2001 Survey, Cohort graduation rate (GR2001S): completed within 150%/adjusted cohort

¹⁶ U.S. News and World Reports, America's Best Colleges 2003, *Average Freshman Retention Rate*: The percentage of first-year freshman that returned to the same college or university the following fall, averaged over the first-year classes entering between 1997 and 2000.

¹⁷ U.S. News and World Reports, America's Best Colleges 2003, *H.S. Class Standing*: The proportion of students enrolled for the fall 2001 academic year who graduated in the top 10 percent of their high school class.