

ANNUAL REPORT TO THE BOARD ON OUS PERFORMANCE MEASUREMENT

National and State Level Context

Performance measurement, when done well, feeds a strategic planning framework, which, in turn, reflects an organization's broad vision. An effective strategic planning and performance measurement system aligns mission, values, strategy, measurement, and behavior. The challenge is to measure what is valued.

In the national context, these concepts form the core of such efforts as the Baldrige National Quality Program,¹ and are beginning to be reflected in overall state government planning (Missouri provides a good example). Within the national postsecondary education arena, the most prominent benchmarking and performance measurement effort is the *Measuring Up* series of reports published by the National Center for Public Policy and Higher Education.²

Current performance measurement efforts in Oregon began with the publication in 1989 (updated in 1997) of *Oregon Shines*, which articulates the state's strategic vision:

- Quality jobs for all Oregonians
- Safe, caring and engaged communities
- Healthy, sustainable surroundings

The companion document, *Oregon Benchmarks*, provides the measurement link to *Oregon Shines*. *Oregon Benchmarks* contains 90 indicators arrayed along 7 broad categories:

- Economy
- Education
- Civic engagement
- Social support
- Public safety
- Community development
- Environment

Two of these seven areas—economy and education—contain five indicators for which the Oregon University System maintains monitoring responsibility.³ In addition, OUS provides links to *Oregon Benchmarks* in the form of more than 20 different indicators, reported annually to the Department of Administrative Services (DAS) and biennially to the Oregon Legislature.

¹ This program, established in 1987, focuses on quality management and provides a national award to businesses and to education and health care organizations for outstanding accomplishments in the areas of leadership, strategic planning, customer and market focus, information and analysis, human resource focus, process management, and business results. (See: <http://baldrige.nist.gov>)

² The *Measuring Up: State Report Card on Higher Education* assesses state performance on six categories: student preparation, participation, affordability, completion, benefits, and learning. (See: <http://www.highereducation.org>)

³ These indicators are: Percent of adults with some college (OBM 24); Percent of Oregon adults that have a college degree—bachelor's degree and advanced degree (OBM 26); Net job growth (OBM 4); Industry research and development expenditures as a percentage of Gross State Product—public/private and academia (OBM 7); and Per capita income as a percentage of the U.S. per capita income (OBM 11).

Early Development of Performance Measurement in OUS

OUS began conceptualizing a performance measurement system in response to a legislative mandate in 1997 (Senate Bill 919). This legislation required OUS to develop and implement performance indicators for the four broad goals adopted by the Board of Higher Education in January 1997—access, quality, employability, and cost-effectiveness. The directions articulated in SB 919 built on the Board’s earlier strategic vision expressed in the 1994 report, *Education Unbounded: A Vision of Public Higher Education Serving Oregon in the Year 2010*.⁴

In the years following the adoption of SB 919, the practical problems of designing a performance measurement system were considered and deliberated by the Board, Chancellor, and institution presidents and vice presidents in numerous public forums, including meetings of the Board, Presidents Council, Academic Council, and Administrative Council. Performance measurement had to be acceptable to legislators, the Board, and educators alike. The advice was to build the OUS performance measurement system upon existing assessment and data-reporting systems. The challenge was, and continues to be, integrating performance measurement with (what was then) the new Resource Allocation Model, funding priorities, and strategic plans for the System and institutions.

Aligning State, Board, and Institution Performance Measurement

Performance measurement at the state and Board levels has developed in a parallel rather than integrated fashion. Efforts are now under way to align the processes and measures more closely. Further, independent, institution-generated performance measures have been developed at OUS universities but are not currently identified or reported to the Board. Working with the Provosts’ Council, staff will acknowledge and describe these campus efforts in future reports to the Board.

The current alignment of state, Board, and institution level performance measurement is shown in Figure 1. At each level, specific performance indicators have been selected to measure the accomplishment of targets identified in strategic initiatives, which, in turn, have been developed to implement the goals articulated in the organization’s vision statements. At the state level, the vision is expressed in *Oregon Shines*, targeted in *Oregon Benchmarks*, and measured through specific agency indicators. At the Board level, the vision is expressed through the goals adopted by the Board in 1997 and mandated by SB 919; targeted in the current initiatives focused on affordability, access and completion, academic excellence, and economic development; and measured through the set of OUS key indicators. At the institution level, campus vision statements drive campus strategic planning, which is measured through a set of campus-generated performance indicators.

Current Board Level Framework

Because performance indicators provide value through the ability to track targeted activity over time, they need to be stable, enduring, and long-term in their design. The current set of Board indicators was developed with that concept in mind. The challenge is to also retain the ability to adapt to changing conditions, values, and priorities in monitoring organizational performance.

⁴ The *Education Unbounded* report set a course for public higher education in Oregon that led to streamlined administrative processes (SB 271), a broad set of Board goals (SB 919), and a new entrepreneurial funding model (Resource Allocation Model). See: <http://www.ous.edu/dist-learn/unbound.htm>.

For example, affordability measures were not part of the original set of Board indicators, but may be needed now to reflect current conditions and strategic priorities. Consideration will also need to be given to the performance monitoring needs of budget policy packages, which may differ from the ongoing set of indicators. In general, as the initiatives of the three Board working groups are fully developed, appropriate indicators from both the *Oregon Benchmarks* set and the Board set will need to be applied to these initiatives, and new measures developed where necessary.

The Board level performance indicator framework is displayed in Figure 2. As shown on the graph, measures have been developed to monitor the achievement of the four goals adopted by the Board in 1997 (access, quality, employability/economic opportunity, and cost effectiveness). Some indicators apply to multiple measures—for example, “Research and Development Dollars” is viewed as an indicator supporting the Faculty Quality measure as well as the Entrepreneurship measure.

The current set of Board performance indicators and data reported for them includes:

Trend Data and Targets:

1. Freshman persistence rate
2. Graduate satisfaction
3. Research and development dollars
4. Total degrees awarded
5. Degrees in shortage areas (e.g., engineering/computer science or teacher education)

Trend Data Only:

6. Total credit enrollment (with detail reported on gender, race/ethnicity, geographic origin, and academic preparation)
7. New undergraduate enrollment
8. Freshman graduation rate
9. Graduate success (i.e., employed or enrolled in a graduate program)
10. Internships
11. Philanthropy
12. Faculty compensation
13. Students per full-time faculty

Targets are set for the first five indicators, normally through five years. These targets are set with the benefit of both internal and external benchmarking. They are reviewed and revised annually, and are reported at a fall Board meeting by institution presidents, along with other institutional goals set by the president. OUS institutions also set targets for two additional, mission-based indicators specific to their campus. Those two indicators are included in the presidents’ reports.

Historical and most recent data for indicators 6 through 13 are reported annually (except for indicators 9 and 10, which are reported biennially); no targets are set for these indicators.⁵ The 13th indicator—students per full-time faculty—is relatively new to the OUS set (although it has

⁵ However, targets for these indicators are required for the *Links to Oregon Benchmarks* report and are reported there.

been included in the OUS links to *Oregon Benchmarks*) and, along with faculty compensation, is viewed as a measure of potential threats to quality.

Identifying and communicating meaningful measures of quality is particularly complex. The OUS measures that form the set of quality indicators—student persistence and completion, graduate satisfaction, philanthropy, research and development expenditures, and faculty compensation—provide seemingly simple ways to reflect the many nuances of quality. Embedded within these measures are important aspects of the quality of student experience—for example, the ability to complete a course of study and obtain a degree in a timely fashion; the capacity of the institution to attract and retain top quality faculty; and the capacity of the faculty to provide the necessary advising to students outside of the classroom. In addition, the R&D, faculty compensation, and students per full-time faculty measures capture many other contributors to faculty quality, research productivity and scholarship—for example, the capacity to support grant-funded research and innovation; institutional support of scholarly activity that brings national recognition; the capacity to create start-up investments; and support of a critical mass of full-time departmental faculty to foster a strong community of scholars. Many of the institution-generated performance indicators focus on these quality dimensions.

Performance Results for 2003-04

Summarized performance indicators for OUS as a whole are displayed in Table 1, and described below. Because faculty compensation is reported at an institutional level, data are not included in this system-level summary; this information will be included in the presidents' reports on institutional targets. In addition, the indicator for degrees in shortage areas has been excluded from the summary because the specific shortage areas vary among the institutions and summarized data are not viewed as meaningful to report. This information, too, will be included in the presidents' reports.

Enrollment. Total credit enrollment, especially at the undergraduate level, has increased significantly since 1998-99, reflecting the high priority placed on ensuring access, even during periods of constrained resources. Undergraduate enrollment in OUS grew 25% over that time—twice the national rate of increase—while graduate enrollment grew 11%. By comparison, undergraduate enrollment in the U.S. as a whole increased 12.7%, and graduate enrollment increased 12.6% during that period. New undergraduate enrollment in OUS increased steadily through 2002-03 before declining slightly in 2003-04.

Student Persistence and Completion. The percentage of new freshmen continuing to their second year increased from 79.1% in 1998-99 to 80.3% in 2001-02, remaining at that level in 2002-03. Data on the class entering in fall 2003 will be available May 2005.

After a jump in 1999-00, six-year graduation rates for students entering as freshmen and completing their degree at an OUS institution have remained relatively stable, hovering around the 55% mark. Data on the class entering in fall 1998 will be available May 2005.

Funding of initiatives and budget proposals aimed at improving retention (the More-Better-Faster initiatives) should produce increases in both of these measures.

Graduate Satisfaction and Success. Data on graduate satisfaction and success are obtained through a biennial survey of recent bachelor's graduates. The graduate satisfaction measure reflects the percentage of bachelor's degree recipients who rate the quality of their overall experience at the institution as either "excellent" or "very good." The survey of the graduating class of 2003 shows improvement in this measure at 81.9%, up from 79.8% for the class of 2001.

Graduate success for purposes of this measure is defined as the percentage of bachelor's degree recipients surveyed 6 to 12 months following graduation who report that they are employed, continuing their studies, volunteering, or working at home. The percentage for the class of 2003 dropped to 93.8%, from 96% for the class of 2001. A weak economy and tough job market are likely causes.

Degree Production and Internships. One of the most impressive results is in the number of degrees produced. After several years in the 13,000 range, total degree production jumped to over 15,000 in 2002-03. This dramatic increase may reflect the infusion of state resources in 1999-00 that permitted greater access and enrollment than had been possible before.

For many students, participation in an internship, service project, research, or other experiential learning develops skills that enhance their contribution to the workplace and to Oregon's economy once they have received their degree. Along with degree production, participation in internships is monitored as an indicator supporting the Board's employability goal. About half of OUS bachelor's degree recipients have participated in internships or related experiential learning. (The unusually high number for 2000-01 is likely a product of a slightly different survey question format in that year's survey.)

Philanthropy. This measure is defined as the net worth of the institution's affiliated foundation. While factors such as the specific nature of individual gifts, investment returns, and current projects will affect a foundation's net assets at any given time, an increase over time is a good indicator of external support. Total System-wide foundation net assets increased steadily from 1998-99 to 2000-01—from \$641 million to \$772 million—then dropped to \$741 million in 2001-02, and leveled off at \$743 million in 2002-03.

Research and Development. The capacity to grow external research funding is a measure of both faculty quality and productivity, and faculty and institutional entrepreneurship. This indicator is also related to faculty compensation as a measure of faculty quality—as institutions are able to improve their competitiveness in attracting and retaining productive faculty with mature research programs, the R&D expenditures will increase. Increases in this measure are important to advance the Board's academic excellence and economic development initiatives.

Between 1998-99 and 2002-03 (latest available), total R&D expenditures increased by over \$61 million (+32%), from \$192 million to \$253 million. Adjusted for inflation, the increase is \$43 million or 22%.

Students per Full-Time Faculty. More than just a "workload" measure, the ratio of students to full-time faculty also reflects the extent to which faculty are able to provide student advising outside of the classroom, offer valuable but more time- and labor-intensive instructional formats (such as seminars, essay exams, or applied learning), and engage in research that advances important state and societal goals. While this ratio remained at 22 or 23 through the early and

mid-1990s, it climbed to 24.1 in 1998-99, and has continued to increase steadily since then (with just a slight drop in 2000-01), as enrollments grew without a commensurate increase in full-time faculty. The ratio reached 27.9 in 2003-04.

One consequence of the funding declines that have resulted in increases in the students-per-full-time-faculty ratio is that OUS institutions have tried to accommodate the growing enrollment during this period by hiring more temporary, part-time faculty. Indeed, between 1998-99 and 2003-04, the percentage of part-time faculty grew from 26.8% to 32.1%, with a momentary drop to 24.6% and 24.8% during the 1999-2001 biennium when the OUS budget had improved. Beyond adding to the burden this places on the regular full-time faculty for student advising, having a larger share of temporary faculty may adversely affect the development of a strong community of scholars within a department and reduce opportunities for ongoing research collaborations.

Institutions are challenged to maintain a ratio that preserves instructional and program quality, while also deploying institutional resources in the most cost-effective way. The current students-per-full-time-faculty ratios in OUS have grown so far out of balance that they threaten the quality experience that students should expect to receive.

Next Steps

1. The upcoming report to the Board on performance indicator targets will provide campus-level detail for both targeted and non-targeted indicators. Board members will have an opportunity to review specific targets and discuss their underlying assumptions.
2. Over the next one to two years, System staff will conduct a comprehensive review of OUS performance indicators, with a focus on better alignment with the DAS links to *Oregon Benchmarks*, development or revision of indicators that tie more closely to current Board initiatives, reduction of the total number of indicators in order to focus on the most critical, and connections between campus-generated performance measures and Board and state level measures. The guiding principle of this review is to assure that what is measured reflects what is valued.
3. OUS staff will collaborate with staff from the Oregon Department of Community Colleges and Workforce Development to identify common measures that can be included in those reported through the *Oregon Benchmarks* process. Initial drafts have been developed and discussions are now under way in this effort.
4. The performance measurement process will need to be broadened to encompass related activities, such as the new Smart Budgeting approach. Consideration will be given to the relationship between performance measurement and return-on-investment analysis, and to ways to build capacity for both methodologies in System and institution processes.

Figure 1

OUS Performance Measurement Alignment

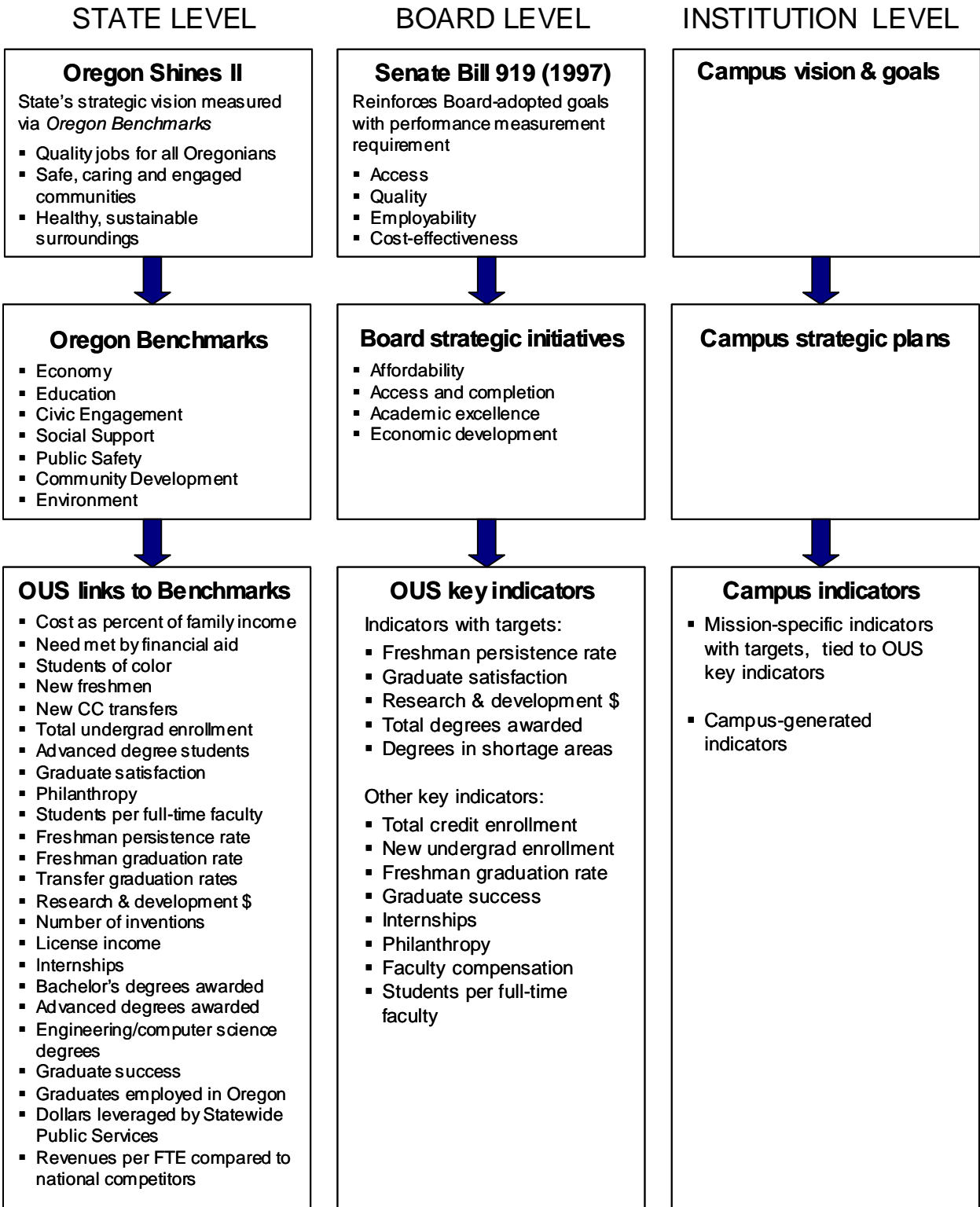


Figure 2

Board Level Performance Indicator Framework

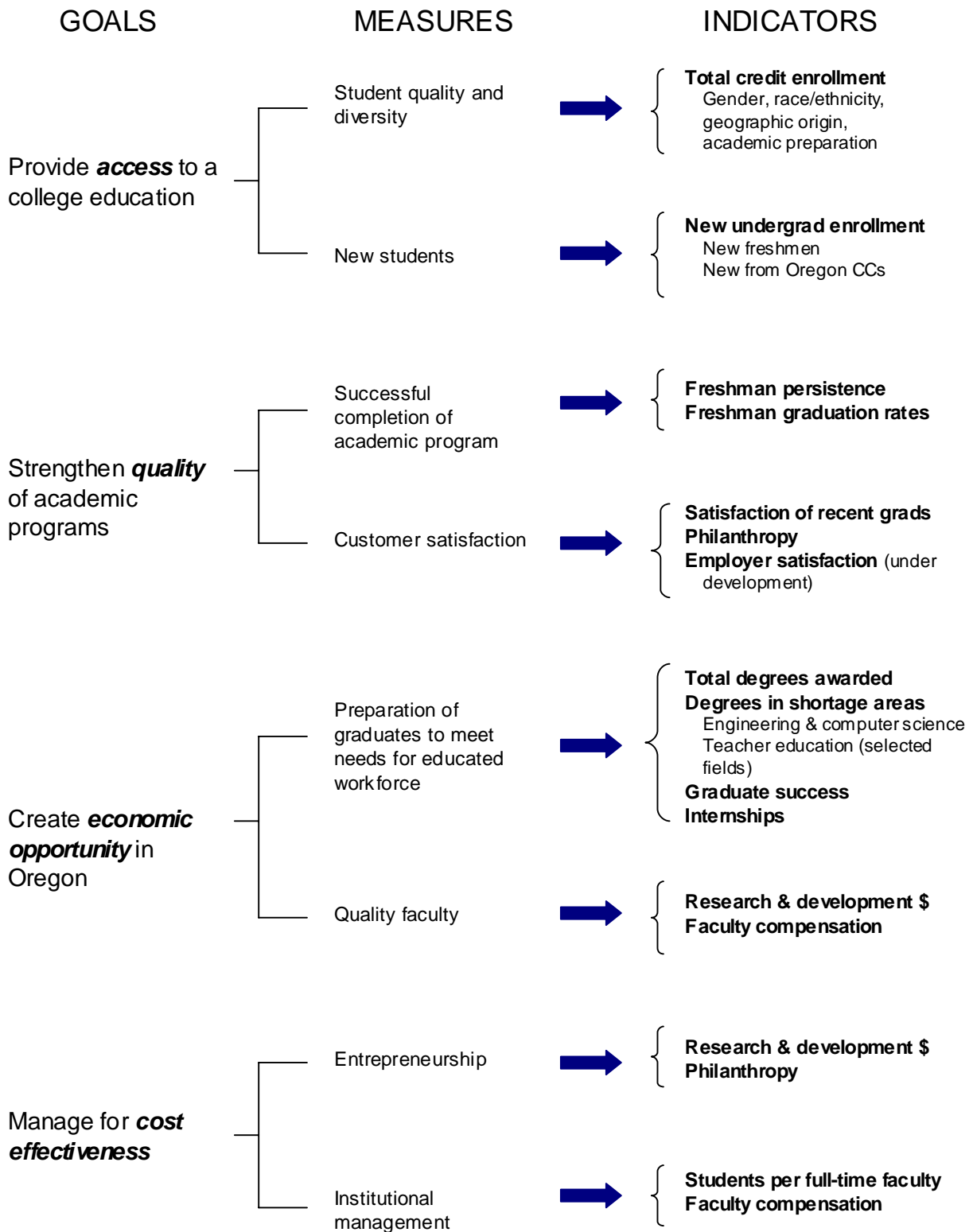


Table 1
Oregon University System
Performance Indicator Summary, 2004

	Total Credit Enrollment ¹	New UG Enrollment ²	Persistence ³	Completion ⁴	Graduate Satisfaction ⁵	Graduate Success ⁶	Total Degree Production ⁷	Internships ⁸	Philanthropy ⁹ (\$ in millions)	R&D Expenditures ¹⁰ (\$ in millions)	Student-faculty Ratio ¹¹	Part-time Faculty ¹²
1998-99	51,468 (UG) 13,521 (GR)	13,722	79.1%	52.8%	-	-	12,840	50.0%	\$640.7	\$192.0	24.1	26.8%
1999-00	53,906 (UG) 13,441 (GR)	14,832	77.9%	55.1%	79.9%	94.4%	13,592	-	\$742.0	\$203.1	24.5	24.6%
2000-01	56,053 (UG) 13,455 (GR)	15,232	79.7%	55.5%	79.8%	96.0%	13,150	64.0%	\$771.7	\$221.7	24.3	24.8%
2001-02	59,890 (UG) 13,995 (GR)	16,591	80.3%	54.1%	-	-	13,551	-	\$740.6	\$238.4	25.3	29.6%
2002-03	63,152 (UG) 14,959 (GR)	16,907	80.3%	55.8%	81.9%	93.8%	15,112	49.1%	\$742.6	\$253.3	25.9	29.4%
2003-04	64,516 (UG) 15,042 (GR)	16,717	Available May 2005	Available May 2005	-	-	Available Dec. 2004	-	Available Dec. 2004	Available Dec. 2004	27.9	32.1%

Notes:

¹ Total unduplicated headcount of all students enrolled in an OUS institution during fall term, regardless of course load.

² Headcount enrollment of newly admitted undergraduates. Includes both full- and part-time students and regular and extended studies enrollment.

³ Percent of first-time, full-time freshmen who return to any OUS institution for a second year.

⁴ Proportion of first-time, full-time freshmen entering an OUS institution and graduating from any OUS institution within six years.

⁵ Percent of OUS bachelor's degree recipients rating the quality of the overall experiences as "very good" or "excellent" on a 5-pt scale.

⁶ Bachelor degree recipients, surveyed six to twelve months following graduation, who report that they are employed, continuing their studies, volunteering, or working at home.

⁷ Total degrees (bachelor's, masters, doctoral, and first professional) awarded. Excludes certificates and the small number of associates degrees.

⁸ Proportion of bachelor's degree recipients completing an OUS-approved internship.

⁹ Net assets of each foundation as reported in the audited financial statements of each institution (\$ in millions).

¹⁰ Research and development expenditures (\$ in millions) using grant funds from external sources (e.g., federal, private). Includes sponsored research, teaching/training grants, student services grants, library grants, and similar support.

¹¹ The ratio of fall FTE enrollment to full-time faculty headcount, as reported on IPEDS to the National Center for Education Statistics.

¹² Percent of part-time faculty employed at all OUS institutions. This is not a performance measure per se, but is displayed here to provide context for the student-faculty ratio measure.