

PERFORMANCE FUNDING STANDARDS, 1992-93 through 1996-97

General Provisions

1. These standards and provisions shall apply to all public universities, community colleges, and technical institutes in Tennessee.
2. Each institution shall annually conduct the assessment activities required by the standards and shall report the results to its governing board and, through it, to the Tennessee Higher Education Commission.
3. Reports are due to the governing boards by July 1 of each year and to the Commission by August 1.
4. Data and other information will be submitted in formats provided by the Commission.
5. Mid-year reports and requests are due to governing board by December 1 of each year and to the Commission by January 1. Requests and petitions received after that date may be considered, but only by exception.
6. The Executive Director of the Commission may authorize modification of these standards. In particular, the methods of calculating scores for general education outcomes and major field tests will be reviewed each year to determine the effectiveness of the standards. Final responsibility and authority for implementation of these standards reside with the Tennessee Higher Education Commission.

STANDARDS

EFFECTIVENESS OF THE INSTRUCTIONAL PROGRAM

I. Objective measurement of general education outcomes - 10 points

Purpose: This standard is designed to provide incentives to an institution for improvement in the quality of its undergraduate general education program as measured by the performance of graduates on an approved standardized test of general education.

Evaluation and Scoring: Performance is measured by the performance in mean score (either by comparison to national norms or to previous performance) of an institution's students. Three national norms will be applied to this standard. For two-year institutions, the national norm will be drawn from all two-year institutions utilizing the particular instrument chosen by the institution. For universities, two norms will be applied: one for institutions whose entering ACT average is below the national entering ACT score average and one for institutions whose ACT average score is above the national average.

The method of calculation for total score as compared to national norms will be to *subtract the national mean score from the institutional mean score and divide the result by the standard error of the national mean.*

The method of calculation for total score as compared to previous scores will be to *subtract the previous mean score from the current institutional mean score and divide the result by the standard error of the national mean.*

Up to ten points will be awarded on the criteria. Points awarded will be calculated using table 1.

Table 1

Weighted Score	Below -2.50	-2.50 to -2.01	-2.00 to -1.51	-1.50 to -1.01	-1.00 to -.51	-.50 to .01	0 to .49	.50 to .99	1.00 to 1.49	1.50 to 1.99	2.00 & Above
Points	0	1	2	3	4	5	6	7	8	9	10

Definitions and Procedures:

1. Testing instruments will be chosen before the beginning of the cycle from either the ACT COMP or College BASE. The instrument chosen will be used by the institution throughout the five-year cycle.
2. Testing for this standard will be applied to undergraduates seeking associate degrees or baccalaureate degrees whether in traditional degree programs or in career training programs.
3. Testing will be applied to students of all ages graduating in all terms of the year (summer, fall, and spring terms). International students for whom English is not their native language will not be included in calculations and need not be tested.
4. Institutions which graduate more than 500 students in any year may apply to the Commission, through the respective governing boards, for permission to test a representative sample of graduates. Request for this permission should demonstrate that the sample will be statistically representative of the institution's graduates. In no case should fewer than 500 students be tested. Where all students are tested, exception for

individual students (for good cause) may be approved by the chief academic officer. Exceptions should not be approved for simple inconvenience.

II. Major Field Tests - 10 points

Purpose: This standard is designed to provide incentives for institutions to improve the quality of major field programs as evaluated by the performance of graduates on approved examinations.

Evaluation and Scoring: A major field will be considered successful if its score is either at or above a recognized norm or shows improvement over a previous testing. Each program (including licensure testing) will be reported once during the five-year cycle.

For each program, *the national mean score will be subtracted from the current year's score and the result will be divided by the standard error for the institution's current year's score.* If this value is above 1, it will be given a score of 1. If the value is between -1 and 1 it will be given a score of 0. Values below -1 will be given a score of -1. The resulting score will be multiplied by the number of students tested in that field.

If a major field score proves unsuccessful in comparison with national norms, that score may be compared with the most recent previous score on the same test. For each program, *the previous mean score will be subtracted from the current year's score and the result will be divided by the standard error for the institution's current year's score.* If this value is above 1, it will be given a score of 1. If the value is between -1 and 1 it will be given a score of 0. Values below -1 will be given a score of -1. The resulting score will be multiplied by the number of students tested in that field.

The sum of the scores for all field tests given during that year will be divided by the total number of students tested during that year. This procedure will produce a weighted average of the major field tests.

Up to ten points may be awarded based on table 2.

Table 2

Weighted Score	Below -.75	-.75 to -.61	-.60 to -.46	-.45 to -.31	-.30 to -.16	-.15 to 0	.1 to .15	.16 to .30	.31 to .45	.46 to .60	.61 & Above
Points	0	1	2	3	4	5	6	7	8	9	10

Definitions and Procedures:

1. Prior to the beginning of the cycle, a list of approved tests and measures will be developed in cooperation with governing boards and institutions. During the cycle, tests may be submitted through governing boards to the Commission for consideration for inclusion in the approved list. In areas where nationally standardized tests are not available, or where faculty do not consider available tests appropriate, institutions may develop special tests--either on a single campus or in concert with other schools. Where such tests are developed, plans should be made for pilot testing to provide for evaluation of the test and to develop scores for subsequent comparison for scoring purposes. These plans should be submitted through governing boards to Commission staff for prior approval.
2. Prior to the beginning of the cycle, institutions will submit a schedule of testing which will ensure that around 20% of programs are tested each year. This schedule must be approved by the appropriate governing board and Commission staff. Care must be taken in establishing this schedule for it is expected that the institution will adhere carefully to it. Institutions may choose, during the first year of the cycle, between two options for scoring:

- (1) An institution may choose for scoring to be cumulative through the cycle or (2) for each year to be scored separately. If there is a year in the cycle when there are no programs to schedule for testing, points will be carried over from the previous year.
3. In programs for which national norms are not appropriate, but for which pass rates are appropriate, comparisons may be made to those pass rates and prior institutional pass rates.
 4. When a program is assessed for this standard, all graduating students in that program must be tested. Exception for individual students (for good cause) may be approved by the chief academic officer.
 5. For purposes of this standard, a major field is defined as all programming at one degree level bearing the same name. For example, a B.A. and B.S. in Psychology would be considered as one field. Other closely related fields may be considered as one field at the request of the institution and the approval of the governing board and the Commission.
 6. If both associate and baccalaureate degrees are offered in a field and if testing is appropriate to both levels (i.e. nursing), then all graduates at both levels must be tested and reported.
 7. Programs will be exempt from the requirement of this standard if: (a) the program has not been in operation for at least five years prior to the beginning of the cycle, (b) the field has not graduated an average of at least ten students per year during the previous cycle, (c) the program is interdisciplinary, multidisciplinary, or self-designed to include several related fields, or (d) the program is a performance-oriented program in the fine or performing arts. Institutions may submit other programs for exemption through their respective governing board for consideration by the Commission. In reference to item (b), institutions may choose to test these fields by accumulating scores until they have tested 10 graduates and reporting the field in the final year of accumulation.

III. Alumni and Enrolled Student Surveys - 10 points

Purpose: This standard is designed to provide incentives for institutions to improve the quality of their undergraduate programs as evaluated by surveys of recent graduates and presently enrolled undergraduate degree students.

Evaluation and Scoring: Institutions will, in the 2nd and 4th year of the cycle, survey all alumni who graduated two years before the survey is conducted. In the 3rd and 5th years an enrolled student survey will be administered to a representative sample of currently enrolled undergraduate degree students. Institutions will be awarded points for the first year on the basis of their participation in base-line testing of the enrolled student survey.

Scoring for both surveys will be as follows: Items will be grouped into categories and summed. Success in each category will be demonstrated by scoring above state norms or above prior performance. State norms or previous scores for each category will be subtracted from current scores for that category, and the result will be divided by the standard error for that category. If this value is above 1, it will be given a score of 1. If the value is between -1 and 1 it will be given a score of 0. Values below -1 will be given a score of -1. The aggregate institutional score will be the average of the category scores. Up to ten points may be awarded based on table 2.

Definitions and Procedures:

1. There are three parts to the alumni and enrolled student surveys: (1) a section containing general demographic information, (2) a section reflecting satisfaction with classroom instruction, support services, etc., and (3) a section containing optional questions inserted by the institution to satisfy institutional research needs at that institution. Only the second section will be counted under this section of Performance Funding.
2. All undergraduate alumni shall be surveyed from an entire year (graduates from summer, fall, and spring terms). Alumni residing outside the United States need not be surveyed.
3. In order for an institution to qualify for incentive points for the alumni survey, a minimum response rate of 40% must be attained. No points will be awarded for a response rate of less than 40%. In order for an institution to qualify for incentive points for the enrolled student survey, a minimum response rate of 50% must be attained. No points will be awarded for a response rate of less than 50%.
4. Institutions may distribute the enrolled student questionnaires to a statistically representative sample of their student body. Institutions with fewer than 5,000 undergraduate students will survey at least 20% of those students; those enrolling between 5,001 and 10,000 student will survey at least 15%, and those enrolling more than 10,000 will survey 10%. Plans for distributing the survey and for selecting the sample must be approved by governing board and Commission staff.

IV. Accreditation - 10 points

Purpose: This standard is designed to provide incentives for institutions to achieve and maintain program accreditation.

Evaluation and Scoring: Evaluation will be based on the percentage of eligible programs which are accredited. Up to ten points may be awarded. Scoring will be by table 3.

Table 3

Accredited Programs	Below 70%	70% to 74%	75% to 78%	79% to 81%	82% to 84%	85% to 87%	88% to 90%	91% to 93%	94% to 96%	97% to 99%	100%
Points	0	1	2	3	4	5	6	7	8	9	10

Definitions and Procedures:

1. Only programs which appear on the Tennessee Higher Education Commission Program Inventory are eligible under this standard. Options, concentrations, or other sub-majors are not covered under this variable even if separately accredited.
2. A program is defined as eligible if there is a recognized agency which accredits programs for that field and degree level. Commission staff will maintain a list of approved accrediting agencies. While agencies recognized by the Council on Postsecondary Accreditation will be included on this list, the Commission reserves the right to determine if accreditation by any agency is consonant with individual missions of institutions and/or the state's master plan for higher education. Institutions or groups of institutions may petition the Commission through their respective governing boards for agencies to be included on, or excluded from, the approved list.
3. Programs excluded from eligibility are those that:

- a. have been approved by the Commission for fewer than five years, unless the program is accredited by a recognized agency;
 - b. have been terminated or are being phased out by governing board action;
 - c. have been placed on "inactive" status by governing board or the Commission; or
 - d. are accreditable by any agency that received recognition by the state fewer than five years before.
4. If multiple programs are accredited by a single agency, each program counts separately for this standard.

A program eligible for accreditation by more than one agency will be counted only once for this standard, although all accreditation must be reported so that the Commission's inventory may reflect accurate accreditation data.

- 6. An institution with six or more accreditable programs may request exclusion of up to 2% or one program, whichever is more. Program exclusions must be approved by Commission staff and reasons are limited to obstacles to accreditation because of program organization or curriculum.
- 7. Proposals for changes in eligibility of programs must be submitted to Commission staff by January 1 of each year.

V. Peer Review of Non-accreditable Undergraduate Programs - 10 points

Purpose: This standard is designed to provide incentives for institutions to improve the quality of their undergraduate programs as evaluated by external reviews.

Evaluation and Scoring: Evaluation for the first year of the cycle will be based on the percentage of programs reviewed during that year which are deemed successful. In years two through five, evaluation will be based on a percentage of the total standards deemed successful. Up to ten points may be awarded. Scoring will be by table 4.

Table 4

Successful Standards	Below 50%	50% to 55%	56% to 60%	61% to 65%	66% to 70%	71% to 75%	76% to 80%	81% to 85%	86% to 90%	91% to 95%	96% to 100%
Points	0	1	2	3	4	5	6	7	8	9	10

Definitions and Procedures:

- 1. External review of undergraduate programs will be according to standards established by governing board and Commission staff in consort with appropriate campus personnel.
- 2. External reviews must be conducted by at least one qualified out-of-state consultant selected through a process which has received prior approval of governing board and Commission staff. Selection of consultants is subject to review by governing board and Commission staff.

3. Programs identified as "low producing" which are addressed by other review processes may be excluded upon request of governing board staff.
4. Each institution will establish a cycle of evaluations as part of its planning process. That cycle may or may not coincide with the five-year Performance Funding cycle (i.e. a seven-year evaluation cycle). Institutions may choose, during the first year of the cycle, between two options for scoring: (1) An institution may choose for scoring to be cumulative through the cycle or (2) for each year to be scored separately. If there is a year in the cycle when there are no programs to schedule for review, points will be carried over from the previous year.

VI. Master's Program Reviews (Universities)/Placement (Two-year Inst.) - 10 points

Purpose: This standard is applied differently to universities and two-year institutions. For universities, it is designed to provide incentives for institutions to improve the quality of their master's degree programs as evaluated by external reviews. For two-year institutions, it will provide incentives to continue to improve job placement of career program graduates.

Master's Program Review (Universities)

Evaluation and Scoring: Institutions will evaluate each eligible program at least once during the five-year cycle. Up to five points may be awarded on the basis of objective standards (table 5) and up to five points may be awarded on the basis of qualitative standards (table 6).

Table 5

Standards Met	0, 1, or 2	3 or 4	5 or 6	7 or 8	9	10
Points	0	1	2	3	4	5

Table 6

Average Score	Below 1	1 to 1.4	1.5 to 1.9	2 to 2.4	2.5 to 2.9	3 and Above
Points	0	1	2	3	4	5

Definitions and Procedures:

1. External review of graduate programs will be conducted according to standards established by the Tennessee Conference of Graduate Schools.
2. External reviews must be conducted by at least one qualified out-of-state consultant selected through a process which has received prior approval of governing board and Commission staff. Selection of consultants is subject to review by governing board and Commission staff.
3. Programs identified as "low producing" which are addressed by other review processes may be excluded upon request of governing board staff.
4. Each institution will establish a cycle of evaluations as part of its planning process. That cycle may or may not coincide with the five-year Performance Funding cycle (i.e. a seven-year evaluation cycle).

Placement (Two-year Institutions)

Evaluation and Scoring: Each major field program will be evaluated by the placement rate of its graduates. A program will be considered successful if the placement rate is at least 75%. Up to ten points may be awarded based on table 7.

Table 7

Percentage of Successful Programs	Below 65%	65% to 69%	70% to 74%	75% to 79%	80% to 82%	83% to 85%	86% to 88%	89% to 91%	92% to 94%	95% to 97%	98% to 100%
Points	0	1	2	3	4	5	6	7	8	9	10

Definitions and Procedures:

1. Institutions will conduct a survey of graduates each year to determine the number placed. Graduates from Spring, Summer, and Fall terms within a calendar year will be surveyed through June 30 of the following year. For example, graduates from Spring 1992, Summer 1992, and Fall 1992 will be surveyed through June 30, 1993 and the results will comprise the report for the first year of this cycle. Auditable records of survey results must be maintained for at least two years.
2. The placement percentage is calculated as the ratio of the total number of students placed in fields for which they were trained to the total number of program completers. Graduates in military service or who are pursuing further education will not be included in the total number of program completers for this calculation.

ADVANCEMENT OF INSTITUTIONAL MISSION:

VII. Enrollment Goals - 10 points

Purpose: This standard is designed to provide an incentive for institutions to pursue worthy enrollment goals. Two types of goals will be used: (1) minority enrollment (up to five points) and (2) mission related goals (up to five points).

Evaluation and Scoring: Scoring on attainment of minority enrollment goals will be based on achievement of current institutional goals set by the Desegregation Monitoring Committee. Scoring on attainment of mission-specific enrollment goals will be based on progress toward the goal during that year. Scoring on both sections will be by table 8.

Table 8

Goal Attainment	Below 80%	80% to 84%	85% to 89%	90% to 94%	95% to 99%	100%
Points	0	1	2	3	4	5

Definitions and Procedures:

1. Institutions will extract mission-specific enrollment goals from their strategic plans and set benchmarks for each year of the cycle.
2. Mission-specific goals for two-year institutions will concentrate on enrollment of recent high school graduates and enrollment of adults. Comprehensive research universities will focus

on transfer of two-year students and graduate enrollment. Other universities will mix any of these goals as appropriate.

3. Goals will be submitted for approval by governing board staff and Commission staff prior to the beginning of the cycle.

VIII. Student Success - 10 points

Purpose: This standard is designed to provide incentives for institutions' improvement in assuring student success as reflected by graduation and retention rates.

Evaluation and Scoring: Evaluation will be based on progress toward persistence-to-graduation goals and retention goals set by each institution. Scoring for the entire cohort (five points) will be by table 9. In addition, institutions may earn up to five points for improvement in minority graduation and retention rates. The minority completion rate or retention rate will be expressed as a ratio of Black to White enrollment of a given year when compared to Black to White graduates or to retention of that same cohort. Scoring for this section will be by table 10.

Table 9

Goal Attainment	Below 80%	80% to 84%	85% to 89%	90% to 94%	95% to 99%	100%
Points	0	1	2	3	4	5

Table 10

Ratio	< .50	.51 to .59	.60 to .69	.70 to .79	.80 to .89	.90 and above
Points	0	1	2	3	4	5

Definitions and Procedures:

1. In the first year of the cycle, points will be awarded on the basis of a subjective evaluation of plans to improve retention rates and persistence to graduation rates. These plans will be submitted by each institution and will be evaluated by governing board and Commission staff. As part of that plan, retention goals for first-time, full-time, degree-seeking freshmen in years 2, 3, and 4 will be submitted.
2. Persistence-to-graduation goals for the fifth year of the cycle will be developed by each institution with assistance from governing board and Commission staff and submitted for approval by governing board staff and Commission staff as part of the cycle's second year reporting process.
3. For all institutions, retention will be calculated by identifying as a cohort all first-time, full-time, degree-seeking students registered in a Fall semester and determining the percentage of this cohort who enroll in the next Fall semester.
4. For all institutions, persistence-to-graduation will be calculated by identifying all first-time, full-time degree-seeking enrollees in a particular fall semester and following this cohort through 6 years to establish graduation rates.

IX. Mission-specific Objectives - 10 points

Purpose: This standard is designed to provide incentives for institutions' success in the strategic planning process.

Evaluation and Scoring: Measurable objectives will be drawn from the institutions' strategic planning process and benchmarks set for the five year Performance Funding cycle. Progress will be reported each year and up to ten points may be awarded based on a comparison of this progress with the established benchmark. Scoring will be by table 11.

Table 11

Goal Attainment	Below 80%	80% to 82%	83% or 84%	85% or 86%	87% or 88%	89% or 90%	91% or 92%	93% or 94%	95% or 96%	97% or 98%	99% or 100%
Points	0	1	2	3	4	5	6	7	8	9	10

Definitions and Procedures:

1. Examples of goals which might be selected by universities for this standard are support for K-12, public service, research, fund raising, or other goals related to the state's Master Plan or to goals in Tennessee Challenge 2000.
2. Examples of goals which might be selected by two-year institutions for this standards are developmental programs, public service, job placement, transfer of technology, fund raising, or other goals related to the state's Master Plan or to goals in Tennessee Challenge 2000.
3. Goals will be submitted for approval by governing board staff and Commission staff prior to the beginning of the cycle.

X. Improvement Actions - 10 points

Purpose: This standard is designed to provide incentives for institutions to identify and place into effect measures to correct weaknesses identified through the Performance Funding Program. In the fifth year of the cycle, emphasis will be given to peer evaluations of general education programs.

Evaluation and Scoring: Institutions will report annually on actions taken to remedy weaknesses identified through the Performance Funding Program. In the fifth year of the cycle, institutions will conduct a summative evaluation of their general education programs using information garnered from institutional research conducted during the previous four years. Plans for this evaluation will be submitted to governing board and Commission staff for approval before the end of the third year of the cycle. Peer review teams will be brought in to assist with this evaluation and will interview appropriate personnel and examine such research documents as may be available. Up to ten points may be awarded based on a subjective evaluation of the report by governing board and Commission staff.

Definitions and Procedures:

1. Review teams for the fifth-year general education evaluation will be selected from peers and will be approved by governing board and Commission staff.