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College Performance Contracts Oversold

This higher-education reform isn't quite as new or as promising as supporters would have you believe

By Spiros Protopsaltis

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In the fall, Colorado will become the first state in the nation to create a college voucher system for resident students. This new system has attracted attention and raised serious questions about society's long-term commitment to public higher education.

An integral, but less known, component of the voucher legislation created a new accountability and oversight system. Every college and university that will accept college vouchers negotiated over the past six-month period a performance contract with the Colorado Commission on Higher Education. Although performance contracts represent significant market-oriented reform, this new system is neither as new nor as well-designed as its proponents claim.

Last month, CCHE Executive Director Rick O'Donnell announced the "new" performance contracts. According to him, the Russian proverb "trust but verify" is "at the heart of (this) transformation in how Colorado holds its public colleges and universities accountable." This "transformation" provides increased regulatory flexibility to institutions. In exchange, institutions are required to meet performance benchmarks for a host of measures in five key areas: access and success, quality, efficiency, teacher education, workforce and economic development.

So, in the spirit of the Russian proverb, I decided to take a closer look at the performance contracts.

Performance-based accountability is not such a new approach. Like other states, for more than a decade Colorado has considered and enacted performance-measurement and performance-funding initiatives, although the latter have been sporadically funded.

The most recent effort in this disconnected array of initiatives took place in 1999, when the Legislature approved the latest version of the Quality Indicator System. It includes 13 performance measures, such as graduation and retention rates, class size, and faculty workloads. Despite the intent of the Legislature and CCHE to tie performance to funding, the severe state fiscal crisis has eliminated any performance-based funding in recent years, transforming the QIS into a simple measurement tool.

Neither is the concept of performance contracts new to the state. In 2002, the Colorado School of Mines entered into a performance agreement with CCHE, gaining more freedom and less state oversight in exchange for meeting customized performance goals.

While the contracts have been publicly scrutinized, their most important aspect — college access and success for disadvantaged students — has been largely ignored. I doubt the negotiated performance contracts will achieve what was the stated primary goal of the voucher legislation.

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At this point, it may be helpful to briefly review how we ended up with performance contracts in the first place. In response to several reports that ranked Colorado as among the worst performing states in sending low-income and minority students to college, Gov. Owens appointed a Blue Ribbon panel in 2001 to find ways to increase postsecondary participation and examine alternative finance structures. In January 2003, the panel released its recommendations to create college vouchers, impose credit caps, and overall adopt a more market-like approach to public higher education, including increased institutional flexibility. After one failed effort in the 2003 legislative session, a new version of the voucher legislation that included performance contracts, in lieu of the QIS, and enterprise status for public colleges and universities became law in May 2004.

The governor, CCHE, and other supporters of the college voucher legislation argued for several years that the primary goal of this legislation is to improve postsecondary access for low-income and minority students. They said that college vouchers would increase college enrollment by making the state's subsidy visible to students, and performance contracts would hold institutions accountable to meet certain goals, including increasing access for disadvantaged students.

However, a careful reading of the contracts reveals an absence of any measurable performance benchmarks of access for underserved low-income and minority students.

First, by defining "underserved students" to include low-income, minority and/or male students (regardless of economic status, race or ethnicity), it is highly questionable whether the performance contracts will benefit low-income and minority students. According to this definition, a white male with a family income of $1 million would be underserved.

Second, of the three measures to evaluate performance on access and success, two focus on all students, and not specifically on underserved students. For the only performance measure on underserved students, the contracts simply require institutions to increase access and direct available resources to increase their enrollment, retention and graduation rates.

But the contracts do not specify any performance outcomes! For example, in the performance contract of Colorado State University, the only reporting requirement for the institution is to "submit an annual report on or before Dec. 31st that details the results of efforts to increase enrollment, retention and graduation of underserved students." The contracts do not include any specific outcomes or resources to be devoted to increasing access and success.

How can you achieve performance accountability without performance measures?

Even more perplexing is the fact that the retention and graduation rates of minority students did not find their way into the final contracts. These were the only measures specifically addressing underserved students listed in the draft performance contract, which served as the basis of negotiations, and were used for years in the QIS.

If CCHE truly wanted to hold institutions accountable for enhancing postsecondary access for disadvantaged students, it should have required institutions to increase their percentage of minority students and of Pell grant recipients, the latter being the nationally recognized and applied definition of low-income students.

Overall, the performance contracts fail to measure postsecondary access and success for underserved students, but instead rely on an ad hoc approach that does not include any performance benchmarks. While the focus on performance-based accountability could lead to improvement, CCHE should also be held accountable for ensuring that the new accountability system reflects the stated objective of the college voucher legislation.

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