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# **Performance Agreements**

## **Guidelines and Procedures**

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**Adopted by the Kansas Board of Regents  
October, 2003**

(wording of conceptual amendment approved November, 2003)

## Table of Contents

I. Preamble: Senate Bill 647.....	3
II. Overview of Performance Agreements.....	4
III. Performance Agreements on the Institutional Level .....	5
IV. Performance Agreements on the System Level.....	7
V. The Future.....	8
Appendices	
Appendix One: Funding Statement.....	9
Appendix Two: Request for Approval of an Institutional Goal as a Part of the Performance Agreement .....	10
Appendix Three: Memorandum of Agreement.....	14
Appendix Four: Summary Template for Reporting Progress toward Institutional Goals.....	16
Appendix Five: Examples.....	17
Appendix Six: Draft Timeline .....	23
Appendix Seven: Implementation Timeline .....	24
Appendix Eight: System Indicators (see separate pdf file).....	28

## **I. Preamble: Senate Bill 647**

Senate Bill 647 established Performance Agreements for Kansas public postsecondary education. Relevant portions of the bill are reproduced below. Bold text is used to highlight portions of the act that are particularly relevant for implementation of Performance Agreements.

(d) Commencing on July 1, 2004, the **state board shall have authority to review and approve institutional improvement plans**, and, on the basis of each plan, shall develop and implement a performance agreement with each postsecondary educational institution. **Performance agreements shall incorporate the goals**, priorities, policies and mission objectives identified in the institutional improvement plans, **and the performance measures, which will be used to demonstrate compliance and progress.**

(e) Commencing on July 1, 2005, each postsecondary educational institution's receipt of new state funds shall be contingent on achieving compliance with its performance agreement. As used in this subsection, "new state funds" means that amount of state funds by which the amount received by a postsecondary educational institution for a fiscal year exceeds the amount received by that postsecondary educational institution for the preceding fiscal year. **The state board shall determine the amount of new state funds to be received by each postsecondary educational institution, taking into account the postsecondary educational institution's level of compliance with its performance agreement and the funds available for distribution.** Any new state funds received by a postsecondary educational institution pursuant to a performance agreement shall be deemed to be part of the state funds received in the preceding fiscal year for the purposes of determining new state funds for the postsecondary educational institution pursuant to a performance agreement for the ensuing fiscal year. If a postsecondary educational institution is not allocated any portion of new state funds in a fiscal year, the new state funds which the institution was eligible to be allocated by the state board in such fiscal year shall be deemed part of the state funds received by such institution in such fiscal year for the purpose of determining such institution's base budget and any new state funds for the ensuing fiscal year. The failure of a postsecondary educational institution to enter a performance agreement with the state board shall prevent that postsecondary educational institution from receiving any new state funds. Any funds designated by the legislature for a specific postsecondary educational institution or purpose shall be exempt from the provisions of this section.

## **II. Overview of Performance Agreements**

Senate Bill 647 brings "Performance-based Funding" to Kansas public postsecondary education in the form of Performance Agreements. As conceptualized by the Performance Agreements Task Force, the Performance Agreement Project will move forward on two levels simultaneously.

- **The Institutional Level:** Each institution will negotiate a Performance Agreement with the Board; the degree of compliance with this agreement will determine the proportion of new funding available to the institution. (See the Funding Statement in Appendix One.)
- **The System Level:** The Performance Agreement project will provide a means of monitoring the System of higher education in Kansas; a System report will communicate the "State of the System" to the Kansas Legislature.

The KBOR has adopted a set of goals to guide the Performance Agreement Project. These Regents' System Goals (see below) play a role in both levels of the Performance Agreement Project.

- **The Institutional Level:** As a part of its Performance Agreement, each institution will propose (1) institutional goals that support the Regents' System Goals. (In addition, the institution may propose institutional goals that are unrelated to the Regents' System Goals.), and (2) a set of "institutional indicators" for measuring progress toward the institutional goals. The amount of new funding awarded will be determined by the amount of directional improvement toward the institutional goals included in the Performance Agreement. See below for details.
- **The System Level:** Progress of the System as a whole will be evaluated using a set of "system indicators" for measuring progress toward the Regents' System Goals. A System Report will describe these system indicators for the Legislature and the general public. Performance of the System on these measures will be used to set priorities for the System and to evaluate the Performance Agreement Project as a whole and will NOT be used to make funding decisions for individual institutions.

### **Regents' System Goals**

During the first year of the Performance Agreement Project, Regents' System Goals A, B, C, and D below will be targeted.

**Regents' System Goal A: Increase System Efficiency/Effectiveness/Seamlessness**  
Institutions will initiate, strengthen or extend collaborative efforts within and across sectors that result in a postsecondary education system that is more efficient, effective, and seamless.

**Regents' System Goal B: Improve Learner Outcomes**

Institutions will facilitate improved learner outcomes in competency areas where Kansas needs to advance.

**Regents' System Goal C: Improve Workforce Development**

Institutions will initiate, strengthen or extend collaborative efforts within and across sectors that result in career preparation, job placement, and lifelong learning activities that better reflect the current and emerging needs of the state.

**Regents' System Goal D: Increase Targeted Participation/Access**

Institutions will increase participation of under-served populations in postsecondary education and organized lifelong learning activities.

**Regents' System Goal E: Increase External Resources**

Institutions will increase or leverage financial support from extramural sources for research, scholarship, or program development activities that more effectively enhance economic development within the state.

**Regents' System Goal F: Improve Community/Civic Engagement**

Institutions will initiate, strengthen or extend efforts that result in improved civic/community engagement of postsecondary educational institutions and students to the benefit of Kansas' communities.

**III. Performance Agreements on the Institutional Level**

Each institutional Performance Agreement will be comprised of a set of institutional goals and a set of institutional "indicators" for measuring progress toward the institutional goals.

**Institutional Goals**

- A total of three to six institutional goals (too many institutional goals could diffuse the effort) should be included in the Institutional Performance Agreement.
  - o Institutional goals must support at least three Regents' System Goals.
    - At least one institutional goal must support Regents' System Goal A (System Efficiency/ Effectiveness/ Seamlessness).
    - Institutional goals must support two additional Regents' System Goals selected from Regents' System Goals B, C, and D.
  - o Up to three institutional goals may be unrelated to the Regents' System Goals (with the understanding that these institutional goals may not conflict with or detract from the Regents' System Goals).
- Institutional goals should be consistent with the institution's mission.
- All institutional goals should be "stretch" goals.

## **Institutional Indicators**

For each institutional goal, the institution will propose no more than five specific measures of performance (institutional “indicators”). Progress toward the institutional goals will be defined as directional improvement in the institutional indicators.

## **Establishing the Performance Agreement**

The Institutional Performance Agreement will be negotiated between the institution and the KBOR. Each institution will submit the following:

- The Memorandum of Agreement (see Appendix Three; see Timeline in Appendix Six for due dates)
- For **each** institutional goal, one *Request for Approval of an Institutional Goal* form (see Appendix Two and Appendix Five). The collection of these forms will constitute the Institutional Improvement Plan.

The collection of these documents (the MOA and the Institutional Improvement Plan) will constitute the Performance Agreement.

Board staff will conduct a preliminary review of the submission. Any questions about the appropriateness of a particular submission will be referred to the Academic Affairs Standing Committee. The Academic Affairs Standing Committee will either recommend revision of the proposed Performance Agreement or will recommend that the proposed Performance Agreement be forwarded to the Board for consideration as submitted.

## **Evaluation of Compliance and Funding**

Each institution will report its compliance with the Performance Agreement in a five-page narrative and a summary template (see Appendix Four and Appendix Five for summary template). The narrative may include information about continued excellence of nationally ranked programs. Staff will conduct a preliminary review and make recommendations to the Academic Affairs Standing Committee. The Academic Affairs Standing Committee will make funding recommendations to the Board.

Funding will be based upon levels of compliance with the Performance Agreement. Levels of compliance will be defined as follows:

Compliance Level 2: The institution has shown directional improvement in the majority of the institutional goals that support Regents’ System Goals AND the majority of the institutional goals that are unrelated to Regents’ System Goals. The highest level of performance funding is warranted.

Compliance Level 1: The institution has made a good faith effort to meet both institutional goals that support Regents’ System Goals AND institutional Goals that are unrelated to Regents’ System Goals. This effort has resulted in directional improvement in less than the majority of the institutional goals that support Regents’ System Goals OR

less than the majority of the institutional goals that are unrelated to Regents' System Goals. IN ADDITION, the institution recognizes the concerns and issues AND has specific plans for improving future performance. Performance funding is warranted.

Compliance Level 0: The institution has failed to make a good faith effort. The effort to meet both institutional goals that support Regents' System Goals AND institutional goals that are unrelated to Regents' System goals has been unsatisfactory. Performance funding is not warranted.

Funding increments among categories 1 and 2 will be relatively small. (Rationale: Recognize that all institutional goals are "stretch" goals and are difficult to achieve. Provide significant positive incentive for professional effort and good performance while at the same time provide small reward for outstanding performance.) The following illustrates how the institutions' portion of new state funds will be allocated for the first fiscal year:

- Level 2 – Percentage to be determined by Board
- Level 1 – Percentage to be determined by Board (but funding will be added to the base for the next fiscal year, as stipulated by SB647)
- Level 0 – no new funding (but funding will be added to the base for the next fiscal year, as stipulated by SB647)

The Board will review this funding schedule each year. Consistent failure to show a good faith effort will negatively impact funding. (See also the Funding Statement in Appendix One.)

#### **IV. Performance Agreements on the System Level**

A set of "System Indicators" will monitor statewide progress toward Regents' System Goals A through D (see appendix Seven for System Indicators). Selection of these System Indicators is extremely important. Ideal System Indicators would have the following characteristics:

- Meaningful for all sectors and institutions
- Easily understood by the general public
- Appropriate for the goal being measured

These System Indicators will be incorporated into a System Report designed to present the Kansas Public Postsecondary Educational System to the legislature and the general public. This System Report will be relatively brief and will incorporate effective marketing techniques. For example, particularly noteworthy projects and/or achievements might be highlighted. A limited number of testimonials from students and/or parents might also be included.

## **V. The Future**

After the first year of implementation of Performance Agreements, the Board will evaluate the strengths and weaknesses of the Performance Agreement Project. Goals, guidelines and procedures are subject to modification by the Board.