

# 3-Metric Performance Funding Model

## Questions and Answers

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### **METRIC #1 -- Percent of Bachelor's Graduates Employed and/or Continuing their Education Further**

- **Why did staff use a different methodology than what is used in FETPIP’s standard reports?**<sup>1</sup>
  - SUS institutions produce graduates with a national scope, yet FETPIP’s reports only include data for alumni who are found within Florida – missing about one-quarter of our bachelor’s graduates. To get a more complete picture, Board staff have merged FETPIP’s Florida data with the National Student Clearinghouse data to include enrollment outside of Florida.
  - Board staff is working with FETPIP and the Department of Economic Opportunity (DEO) to add out-of-state employment information in future years. Florida has recently joined the national Wage and Record Information System (WRIS2) data system that will provide data on whether graduates are employed across state lines.
  - In contrast to FETPIP’s methodology of only looking at the October-December fiscal quarter for employment data, Board staff recommends that each graduate be given a full year to find employment or re-enroll. A year for each graduate provides a better standard than the October-December fiscal quarter because of the variation among universities regarding when degrees are awarded (year-round or only in May). In addition, by allowing for a full year, students who are sitting for licensure exams (i.e., the bar exam, CPA exam, etc.) will have time to take their post-graduation exams and look for work.
  
- **Why did staff use recent graduates instead of using data on graduates three or more years post-graduation?**
  - The decision was made to use data from one year out so students (and their parents) will know what their prospects are immediately after graduation. Board staff plan to study longer-term (three to five years) employment data and publish the information in the future.
  
- **What is the impact for institutions that have graduates living and working overseas?**
  - Graduates who live and work abroad are not currently included in the data except for a few from New College. The small number of NCF graduates makes it necessary to account for every single graduate or their percentages are disproportionately affected.

UNIV.	FETPIP	BOG
FAMU	73%	90%
FAU	76%	90%
FGCU	77%	91%
FIU	75%	87%
FSU	66%	88%
NCF	40%	72%
UCF	76%	94%
UF	63%	89%
UNF	80%	92%
USF	78%	91%
UWF	73%	86%
<b>SUS</b>	<b>73%</b>	<b>90%</b>

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<sup>1</sup> The Florida Education & Training Placement Information Program (FETPIP) is a data collection and consumer reporting system within the Florida Department of Education that was established to provide follow-up data on former students and program participants who have graduated, exited or completed a public education or training program within the State of Florida.

## 3-Metric Performance Funding Model Questions and Answers

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### **METRIC #2 – Median Average Wage of Full-time Employed Baccalaureate Graduates in Florida, One Year After Graduation**

- **Why did staff use a different methodology than what is used in FETPIP’s standard reports?**

- Board staff recommend the use of the median wage, rather than the mean wage used in FETPIP’s standard reports. Mean wages are potentially skewed by outliers. As an example, the State University System’s median wage (of \$33,044) for 2010-11 baccalaureates is lower than the mean wage (of \$35,820) used in FETPIP’s reports.
- Board staff recommends that each graduate be given a full year to find employment or re-enroll, which is in contrast to FETPIP’s methodology of only looking at the October-December fiscal quarter for employment data. By allowing for a full year, students who are sitting for licensure exams (i.e., the bar exam, CPA exam, etc.) will have time to take their post-graduation exams and look for work.

UNIV.	Percent of Baccalaureates Included
FAMU	35%
FAU	48%
FGCU	48%
FIU	43%
FSU	36%
NCF	17%
UCF	48%
UF	28%
UNF	54%
USF	47%
UWF	40%
SUS	42%

- **Why are only 42% of baccalaureates included?**

- Unemployment insurance wage data does not include individuals who are self-employed, employed out of state, employed by the military or federal government, or those without a valid social security number, or making less than minimum wage. This also does not include students who are continuing their education.

- **Why didn’t staff weight the salary data to take into account regional differences?**

- Board staff considered how regional differences in the state of Florida impact this performance metric. At the request of the Legislature, the Bureau of Economic and Business Research (BEBR) at the University of Florida produces an annual Florida Price Level Index (FPLI), which measures the cost differences between Florida’s counties. The FPLI serves as the basis for the District Cost Differential (DCD) in the Florida Education Finance Program for K-12. For example, the 2012 FPLI reports a 12% difference between Palm Beach and Leon counties. Board staff decided not to adjust the wage data to account for possible regional differences because baccalaureate graduates do not always remain in the same county of their alma mater, and the employment data does not include reliable information about the location of graduates to enable a regional adjustment.

### **METRIC #3 -- Cost per Undergraduate Degree to the Institution**

- **Why didn’t staff weight the cost per degree data to take into account regional differences?**

- Board staff did consider weighting the data for this metric using the FPLI (see above). The majority of the institutions had only a slight change in their cost numbers using the weighting. Staff decided that the difference was not material and therefore the weighting would not be used for this year.

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- **Why was the Cost per Degree Work Group report not utilized for this metric?**
  - The Cost per Degree report completed by the Chancellor's Work Group in June of 2013 calculated the cost per degree to the student, state and institution based on state appropriations and tuition. While this report was considered, it was determined that actual expenditures from the SUS Expenditure Analysis, instead of appropriations, should be used.
  - The cost per degree to the institution calculated in the Cost per Degree report and those calculated from the Expenditure Analysis are very similar and that the difference between the two for the SUS is only \$334.

#### **FUNDING**

- **Why should every university receive performance funding?**
  - All the universities perform at some level, with some being higher performers than others. With all universities having an opportunity to receive funds, an incentive is provided to increase performance in an effort to receive more funds. In addition, universities do not receive any type of base funding increases that can be used to enhance or improve performance metrics. As this is the first year of the program, Board staff would like to have one year to test the metrics and create a process that measures and rewards performance adequately.
- **Are there guidelines on how the universities will spend their allocations?**
  - This is still undecided but could be included in part of the university work plans.
- **Will these funds be recurring?**
  - Yes, the funds are recurring to the System, but will be allocated to the institutions annually based on the model. Consideration could be given to having a portion of the funds recurring to the institution so that recurring initiatives, such as hiring additional advisors or faculty, could be implemented.

#### **BENCHMARKS**

- **Why didn't staff use the standard deviation when setting benchmarks?**
  - Board staff did consider using the standard deviation for each metric but decided rather to set the benchmarks close to the data for Year 1 and therefore ensure that schools were rewarded for reasonable performance above, at, and just below the system average. The standard deviation could possibly be used for benchmarking in the future.

## 3-Metric Performance Funding Model Questions and Answers

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### **OTHER**

- **How will FPU be included in performance funding?**
  - FPU has not enrolled students yet and therefore they need at least two years but possibly more in order to have performance to be evaluated. At that point Board staff will have to ensure that there is adequate data available in order to add FPU to the model.
- **Why aren't other metrics, i.e. graduation rates, retention rates, student debt, factored into the model?**
  - These three metrics were specifically identified in statute. The Board is developing a 10 metric model that incorporates these three metrics, plus other metrics from the accountability report that will provide a more comprehensive picture of a universities performance. Specifically, the 10 metric model includes these three metrics, but also features five other metrics common to all of the universities, a Board of Governors' choice metric specific to each institution, and a Board of Trustees' metric chosen by each institution's board.
- **How can the universities improve their performance on the metrics?**
  - Historically, universities have not been viewed as having much control over these post-graduation metrics. However, universities could choose to invest in improving internship opportunities within the disciplines that perform the best on these metrics, and other career center efforts. At this point, Board staff do not know how much universities can influence these metrics in light of ever-changing global macro-economic trends. The Board's ten metric model considers a university's improvement in the metrics in addition to performance relative to an excellence benchmark.