

OVAE Customized Technical Assistance to States

Performance-Based Funding for Montana's Postsecondary Career and Technical Education System



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Background

In October 2009, the Office of Vocational and Adult Education (OVAE), U.S. Department of Education, invited state directors of career and technical education (CTE) to submit requests for individualized technical assistance (TA) to improve the quality of their Carl D. Perkins Career and Technical Education Act of 2006 (Perkins IV) accountability systems. Following conference calls between Montana state staff and MPR researchers and an introductory webinar on performance-based funding (PBF) in July 2009, the Montana University System (MUS) decided to pursue technical assistance to support the state's efforts to incorporate a PBF component into its funding system for postsecondary CTE programs. The state's goal is consistent with OVAE's priority of helping states explore PBF through customized technical assistance. However, Montana—having already completed much of the exploratory work around PBF—requested support to actually develop a PBF formula and undertake the key steps in PBF system design. In order to do so, the state offered to match federal funds with state funds to ensure sufficient resources to complete formula development with the guidance of MPR facilitators.

The Technical Assistance Process

Led by Steve Klein, director of MPR's Preparation for College and Careers program, and Laura Rasmussen, senior research associate at MPR, Montana's TA process took place between November 2009 and August 2010, and included conference calls, webinars, and two on-site visits. The state convened a task force consisting of representatives (i.e., grant managers and other administrators) from each of the state's 12 postsecondary Perkins IV grant recipient institutions to advise the state throughout formula development. Initial conference calls focused on introducing the concept of PBF to task force members and describing the process for developing a PBF formula in order to prepare for the in-person task force meetings.

At the beginning of the TA process, the state identified its federal Perkins IV reserve fund (approximately \$200,000) as the appropriate source and amount for PBF allocations. Initial conversations with the task force focused on the unique role that task force members would play in developing a separate formula that rewards local college performance with resources from the federal Perkins IV reserve fund. Institutions will continue to receive basic grant funds allocated using the formula specified in the Perkins IV legislation (i.e., resources

conditioned on Pell Grant student enrollments). In this way, Montana's PBF formula is intended to motivate program improvement and recognize and reward the efforts of institutions that are exceeding the state average performance on selected Perkins IV measures.

The task force participated in the following technical assistance activities:

Kick-Off Webinar: December 16, 2009

To introduce the technical assistance project and describe the formula development process, MPR staff presented to the task force during a webinar to discuss PBF and other topics related to the Perkins IV grant. MPR staff also discussed the technical assistance timeline and highlighted the role of task force members throughout the formula design process.

Task Force Meeting: March 3–4, 2010

The task force convened in person in Helena, Montana to begin formula development, including analyzing allocation tables that illustrated connections between the Perkins IV grant and local provider data (e.g., performance and enrollment information), establishing funding priorities to align the formula with the state's goals for CTE, and recommending possible performance criteria for inclusion in the initial funding models.

Task Force Meeting: April 7, 2010

Task force members convened in early April in Helena to review PBF funding models developed by MPR staff based on the group's recommendations at the first meeting. Participants discussed various modeling assumptions and suggested refinements for finalizing the PBF formula.

Webinar: July 28, 2010

MPR staff shared revised versions of two models supported by the task force and discussed further changes to the models in preparation for formula implementation. Following task force discussion, it was agreed that the state would proceed with formula implementation, with the first round of resource distributions occurring in the 2011–12 program year.

Recommended Funding Criteria

At the first task force meeting, participants identified three funding priorities to provide the foundation for formula development: retention, employment, and credential attainment by CTE concentrators. The group also discussed the importance of the retention of certain student subpopulations and considered whether to place additional emphasis on students requiring remedial education. Subsequent task force discussions focused on translating these funding priorities into formula criteria and agreeing upon data definitions for use in the formula. Ultimately, the task force proposed that MPR facilitators develop models that incorporate the following measures for rewarding local institutional performance:

- Retention—the retention of concentrators from year to year, as measured by a modified definition of the Perkins 3P1 indicator. For the formula, this definition includes the number of concentrators who did not graduate, did not stop out, and did not transfer to another institution.
- Employment—a measure of concentrators' employment status during the fourth quarter of the calendar year following program exit (Perkins 4P1).
- Program Completion—concentrators' attainment of a credential or degree, as measured by Perkins 2P1.

Task force members also suggested that retention data be disaggregated by special populations to address the state's goal of retaining all students. The state provided separate retention information for participants, concentrators, and four subpopulations: academically disadvantaged, economically disadvantaged, nontraditional, and race/ethnicity.

Proposed Funding Model

At the conclusion of the technical assistance period, MUS and the state's task force favored a funding model that incorporates the above three performance measures as both outcomes and targets and weights employment at a lower rate than the other two measures, due to data quality concerns associated with that measure. Including both outcomes (the total number of outcomes generated for each measure) and targets (compares the percent of students achieving each measure to locally-negotiated performance targets) ensures that all providers, regardless of their size, location, and program mix, can compete for their fair share of PBF. In this way, performance is measured as both a total number and a percentage, which ensures that high-performing large and small programs can benefit from the PBF formula.

During the July 2010 webinar, the state proposed to adopt the following model for the 2011–12 program year:

1. Fifty percent of PBF resources to be allocated based on the total number of outcomes achieved by institutions on the following measures:
 - Retention (40 percent of resources distributed based on outcomes)
 - Employment (20 percent of resources distributed based on outcomes)
 - Completion (40 percent of resources distributed based on outcomes)
2. Fifty percent of PBF resources to be allocated based on provider attainment of performance targets for the following measures:
 - Retention of:
 - Participants
 - Concentrators
 - Academically disadvantaged (compared to local target for retention of participants)
 - Economically disadvantaged (compared to local target for retention of participants)
 - Nontraditional by gender (compared to local target for retention of participants; target attainment for this subpopulation is weighted at 0.5, compared to a 1.0 weighting for all other targets)
 - Race/ethnicity (compared to local target for retention of participants)
 - Employment
 - Completion

In the proposed model, resources are allocated based on a pro rata share of outcomes generated and target points earned by each provider.

Next Steps/Recommendations

As the technical assistance project ends, MUS administrators must now turn to the task of finalizing the proposed formula for implementation and training key stakeholders on its use. The following recommendations are suggested to assist the state in its efforts to finalize PBF formula development:

- Establish and update local performance targets over time. The task force favored an approach for rewarding institutional performance based on attainment of local, rather than state, targets to account for differences in institutional characteristics that might affect performance on a statewide standard. However, since the state will not have reliable data on institutional targets until 2011, the targets in the current model are based on institutions' actual performance. In the future, the state will negotiate new performance targets for each measure with each institution, and incorporate these targets into the funding formula.
- Evaluate the formula over time and make adjustments as necessary. As agreed upon by the state and task force, the proposed PBF formula is intended to be dynamic and can be changed over time to reflect new state priorities and/or performance goals. We recommend that the state develop a plan for revisiting the formula on an ongoing basis once it's been implemented to assess the impact of the performance awards and adjust the formula to ensure alignment with the state's goals.

The state also may wish to provide technical assistance training to local providers, beginning in spring 2011, to support the field in implementing the new formula. This assistance could include a review of state goals underlying formula adoption, a description of formula components and operation, and strategies to help local administrators and faculty improve their program performance.