

**“A Model for Access and Student Success: Performance Funding and Enrollment Restraints”
Policy discussion document, Nov 5 2010 UNC Board of Governors meeting**

This white paper discusses a new performance model funding basis for UNC system institutions, under consideration for the 2011-13 biennium. Citing a trend in higher education to focus growth expectations in the context of student success and degree completion, the paper argues that future UNC enrollment growth should be tied to performance levels. The primary outcome for growth funding should be increased baccalaureate degrees and the efficiency with which they are produced. The paper recommends that freshman enrollment increases be tied to evidence that retention goals are being met. Increased enrollments for transfer students would similarly be derived from evidence-based performance. Criteria for the elements of the proposed enrollment funding model include standard IPEDS measurements of retention and graduation rates, transfer graduation rates, and degree production in the priority needs areas of teacher education, STEM disciplines, and nursing.

The proposed funding model includes adjustments to current undergraduate cost factors. Two existing factors would be retained: (1) institutions requiring funding to accommodate students from disadvantaged backgrounds and (2) institutions that lack economies of scale. Three new factors would be incorporated: (1) retention rates negotiated with General Administration or by achievement of a benchmark, for example, a rate comparable with peer institutions, (2) institutions that are making progress to meet UNC-GA graduation rate standards or exceed graduation rate expectations, and (3) efficiency by which undergraduate degrees are produced, using a metric of degree to FTE ratio and cost/degree as compared with peer institutions.

Prior to implementation of the model, the implications of the change in funding from growth/access to performance measures must be identified. Performance criteria must be related to funding, using five categories to increase enrollments or curtail growth, with further discussion of how undergraduate cost factors are defined according to options for growth/change of “none, restricted, and normal.”