Quality-related funding, performance agreements and profiling in HE

An international comparative study

Presentation at Pear Learning Activity (PLA) on New funding models in higher education

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DIVERSITY, DIFFERENTIATION & PROFILING

- Diversity & differentiation have a long history in HE
  - Trow, Birnbaum, Meek, Goedegebuure, Huisman, Reichert, …
    - Many forms of diversity:
      - System, structural, programmatic, procedural, reputational, constitutential, value & climate, funding, organisational (managerial)

- New dimension: diversity used as profiling mechanism to serve
  - National and university strategies
  - New target groups
  - Employability of graduates
  - Reduce overlap and isomorphism (increase specialisation?)
EXAMPLE: THE NETHERLANDS
2010: Committee Future Sustainability of Dutch HE

Threefold differentiation
for the sake of quality
and diversity in higher education

- Increase in participation & ambition of top-5 knowledge economy →
  analysis of strengths and weaknesses of Dutch HE
  - Too little diversity: part-time education, lifelong learning, minorities, …
  - High drop-out, no eye for excellence, no commitment: talents underused

- Remedies:
  - More variety in types of programmes; more flexible learning routes, selection
    and profiling: get the right student at the right place
EXAMPLE: DUTCH DISCUSSION ON PROFILING

- How to stimulate increased differentiation for a more diverse student population and labour market?
  - Dimensions for diversity?
    - U-MAP (teaching profile, student profile, research, valorisation, internationalisation, regional embeddedness)
    - Sectoral approach?
  - Who in charge? Ministry or HEIs? Relate to funding?

- National Commission on Profiling and Funding
- Ministry’s strategic agenda: QUALITY IN DIVERSITY
  → Performance agreements from 2012 onwards!!
  → CHEPS study on quality-related funding & profiling
INTERNATIONAL COMPARATIVE STUDY: GENERAL OBSERVATIONS

- Many countries struggle to find a right steering mechanism to enhance quality, diversity, profiling and performance
  - Difficult to balance between national and institutional priorities and objectives
  - A strong state steering position helps on clarity and “role adherence”

- Quality-related funding
  - Quality important theme in many countries but linked to funding in only a few
  - Tension between a transparent monitoring and evaluation framework and validity of performance indicators
  - But development towards more nuanced indicator sets on quality though achievements not always in control of institutions
  - Groups of institutions try to manipulate the situation
  - Sweden and Finland relate quality outcomes to funding
INTERNATIONAL COMPARATIVE STUDY: GENERAL OBSERVATIONS (2)

- Performance agreements and profiling
  - Performance agreements (or contracts) in quite a number of countries
  - Contracts serve many purposes: performance, quality, priority-setting
  - Often a multitude of dimensions and indicators: all institutions have opportunities to be good
  - Generic indicators make all develop in same direction
  - Only exceptions Hong Kong (own criteria) and Australia (past performance)
  - Voluntary mechanisms are slow
  - Contracts / agreements not always effective, but a way to have more transparent dialogue about institutional identities
AUSTRALIA

- Target agreements
  - Target agreements consist of Indicator Framework: 4 categories, 12 indicators
    - participation, experience, attainment, outcomes
    - Wish for more flexible indicators and less stress on indicators beyond control of HEIs

- Performance agreements: Mission Based Compacts
  - Holistic strategic framework to align with government priorities (region, growth, SES, …)
  - Also linked to funding and Indicator Framework
  - 41 negotiations show willingness of HEIs to grow
  - Generic targets push for uniformity
  - Additional targets require extra investments
DENMARK

- Focus on quality, merger and interaction

- Performance agreements: Development Contracts
  - Multidimensional monitoring system (since 2004 quantitative targets)
  - Only since 2008 try to link performance to funding, but contracts still more or less a “letter of intent”
  - Institutional priority areas including societal needs (brought in by ministry)
  - Review: contracts not effective, more accountability, some HEIs used it for profiling, MAKE IT MORE GOAL SETTING
  - Competitive funding fails to strengthen expertise, only rewards priority areas
  - Institutions more transparent and strategic
ENGLAND

- Most quality orientation in the area of research: RAE

- Quality-related funding
  - Budget cuts aggrevated lobby of mission groups
  - All seek access to discretionary funds
  - Most profiling initiatives formula based: all go in similar direction and support the traditionally strong
  - Other profiling initiatives strand on their implementation
  - e.g. CETLs experience where concepts of “business facing” and “teaching-intensive” and “innovation learning” were redefined; too much focus on competition (strong institutions), no realistic targets, focus on infrastructure not on content
  - Stopping subsidies kills the development
FINLAND

- University act 2010: uni’s independent, focus on quality, intensify agreements

- Agreement negotiations
  - From annual to 4-yearly negotiations with intermediary monitoring
  - Central are tasks, profile and priority areas of HEI in view of national priorities
  - Five performance areas: studies, pg education, R&D&I, Internationalisation, social impact: performance indicators and targets
  - Indicators partially used in funding mechanism: e.g. in strategic fund (6%) in universities
  - In polytechnics small performance based budget for those most successful on performance indicators
GERMANY

- Different systems in different Länder
- Ziel- und Leistungsvereinbahrungen
  - Wish for diversity and performance
  - State often not strong enough to differentiate
  - Agreements cover too much, too vague, too little money involved
  - Multiannual protection against change
  - But … more transparent dialogue

- Excellence Initiative
  - Only 15% of institutions: substantial subsidies
  - Dynamics, self-awareness, strategy development
  - Fears about when the money stops (sustainable infrastructure?)
HONG KONG

- Small HE system, strong government, performance based research funding

- Performance and Role-related Funding Scheme (PRFS)
  - 10% of recurrent funds linked to role-adherence
  - Assessment Panel evaluates role adherence: strategy, scholarship, teaching & learning, community, administration, partnerships
  - Define own criteria / indicators, validity, accepted, evaluated
  - Include benchmarks
  - Academic Development Proposals
  - Together accepted, mechanical implementation
The NETHERLANDS

- From September 2012: performance agreements:
  - Ministry – individual HEI’s
  - Quality, profiling, diversity, market relevance
  - 7% of teaching budget (m€310) based on performance (5% / 2%)
  - M€90 for research excellence (extra investments)
  - Test-phase: evaluation in 2015; in 2020 performance budget 20%
  - Independent review committee (Frans van Vught / CHEPS / …)
  - Fixed indicators (5%): excellence tracks; dropout; ba-success; switch; teacher quality; teaching intensity
  - Profile indicators (2%): coherent ambitions; relation to employers; related to U-Map dimensions; didactical profile; national research priorities;
  - Proposal to be agreed by Review Committee
NEW ZEALAND

- Diverse student population requires diverse treatments
- Tertiary Education Commission (TEC) negotiates strategic directions and priorities
  - 3-year planning periods with priority areas: access, organisation, quality
  - Per priority area impact measures defined to make HEIs profile themselves in priority areas
    - In volume and quality, efficiency and (regional) stakeholder involvement
  - Looks like all HEIs have to do the same
NORWAY

- Diverse system, strong regional emphasis
- Strong quality initiatives
  - Colleges can become universities: more masters, more homogeneity
  - Strong emphasis on regional role
  - Best to organise through large merged institutions
  - Mergers only were organised after a strong committee report that was critical about HE
  - Particularly internal diversity is stimulated

- Centres of Excellence (based on research)
  - More diversity by stronger universities, also with lot of private collaboration to become “world class”
SWEDEN

- Greater autonomy and special public status for HEIs
  - Sceptic as they believed ministry was a good organiser
  - Funding also based on performance: under and over performance punished/not rewarded (capacity funding)

- In 2010 a new quality evaluation system
  - From 2010 1.5% of budget quality-related (taken from operational budget)
  - Only those with best evaluation scores get funds
  - Criteria: master theses, self evaluation, visit and alumni experiences

- Plan to introduce multi-annual contracts from 2011 onwards
  - Still hanging issue
THANK YOU FOR YOUR ATTENTION!

QUESTIONS?

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