Profiling and Positioning Higher Education Institutions in the Netherlands through Performance Agreements

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Hot beginning of the year in Amsterdam
Over performance agreement (partly)
Contents

- Performance-based funding and performance agreements
  - Internationally
  - In the Netherlands

- Mid-term review of the performance agreements in NL
  - Quality and efficiency
  - Profiling
    - Education
    - Research & Valorisation

- Conclusions
  - Attaining PA’s?
  - Attaining policy aims?
Full disclosure…

- Ben Jongbloed, Frans Kaiser, Don Westerheijden and others (not CHEPS) support the Review Committee that oversees performance agreements in the Netherlands

- Harry de Boer, Ben Jongbloed, and other CHEPSers wrote a 14-country comparative study on performance-based funding and performance contracts
Terms:
Performance

- Large differences across higher education systems as well as among subsectors in higher education systems

- Frequently used indicators of performance
  - Number of graduates (B, M, D)
  - Number of exams passed or credits earned
  - Number of students from underrepresented groups
  - Study duration
  - Research productivity
  - Winning (research council) contracts
  - Third party income
  - Revenues from knowledge transfers
Terms: Performance-based funding vs. contracts

- Performance-based funding
  - A formula to distribute state budget to higher education institutions
  - Correlating funding with (quantitative) measures of institutions’ past activity
  - That applies to all higher education institutions (of a certain class) in the same way

- Performance agreements
  - Bilateral contracts between the government and individual higher education institutions,
  - Which set out specific goals that institutions will seek to achieve in a future time period
<table>
<thead>
<tr>
<th>Country</th>
<th>Share of Performance-based budget in total recurrent funding</th>
<th>Performance Agreement (PA) in place with direct impact on an institution’s budget allocation?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Netherlands</td>
<td>32%</td>
<td>Yes</td>
</tr>
<tr>
<td>Austria</td>
<td>Almost 100%</td>
<td>Yes</td>
</tr>
<tr>
<td>Australia</td>
<td>20%</td>
<td>No (PA is condition for funding)</td>
</tr>
<tr>
<td>Denmark</td>
<td>60%</td>
<td>No</td>
</tr>
<tr>
<td>England</td>
<td>50%</td>
<td>No</td>
</tr>
<tr>
<td>Finland</td>
<td>75% – 100%</td>
<td>Yes</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>23%</td>
<td>Yes</td>
</tr>
<tr>
<td>Ireland</td>
<td>0,8% (now) – 10% (future)</td>
<td>Yes</td>
</tr>
<tr>
<td>North-Rhine Westphalia</td>
<td>23%</td>
<td>Yes</td>
</tr>
<tr>
<td>Louisiana (USA)</td>
<td>25%</td>
<td>No</td>
</tr>
<tr>
<td>Scotland</td>
<td>85%</td>
<td>Yes</td>
</tr>
<tr>
<td>Tennessee (USA)</td>
<td>100%</td>
<td>No</td>
</tr>
<tr>
<td>Thuringia (Germany)</td>
<td>55%</td>
<td>Yes</td>
</tr>
</tbody>
</table>
Performance Agreements: Why?

- To increase university performance (in education, research & third mission)
- Transparency & accountability with regard to performance
- Emphasize national strategic priorities
  - Longer planning horizon
- Allow room for diverse institutional missions
- Increase public trust & partnership, through dialogue/ bilateral negotiation
Performance Agreements: Design Dilemmas

- How to combine PA with other funding?
  - Size of budget: substantial or marginal?
  - Comprehensive versus narrow/focused?
- Uniform vs specific per HEI?
- Legally binding or gentlemen’s agreements?
- Consequences of non-attainment?
  - Quantitative and/or qualitative measures?
- Stability versus flexibility over time
- Impact on institutional autonomy? (lump sum vs conditional funding)
- Impact likely to depend on the design & implementation
- Note: transaction costs (bureaucracy!)
Where do PA’s in the Netherlands fit?

- Veerman Committee (2010)
  - Aim: diversity for ‘future-proof’ higher education system
  - Current problems i.a.:
    - High drop out
    - Lack of challenge in study
    - Low adaptation to market
  - Three types of diversity
    - Among HEIs
    - Within HEIs
    - Within study programmes

- Multi-year collective agreements 2008-2011
  - To reduce drop out etc.
  - Very little effect

- Consequence: tighten the screws…

- Broad agreements with HEIs’ associations (2011): ‘HLA’
  - Individual PA’s
  - With common core
Main characteristics of PA’s in the Netherlands

- Institutions make ‘bids’

- Free-form profiling
  - Regarding education
  - Regarding research and social impact/engagement (‘valorisation’)
    - UAS: 18 ‘Centres of expertise’
    - National policies, e.g. ‘top sectors’

- Some national targets mentioned in & around HLA, e.g.
  - 80% didactically-trained teachers
  - 2.5% investment in valorisation

- Obligatory indicators, own bids:
  - Quality of education: 1 of 3
  - Study success: 3
  - Measures to improve quality of education: 3
Time line of Performance Agreements

2012
- Institutional bids
- Review Committee advises minister (Good – Very good – Excellent / No advice)
- Minister follows advice, determines funding shares 2013–2016

2013
- Review Committee monitor report at system level

2014
- Mid-Term review regarding profiling
- Separate decision on Centres of Expertise with go/no-go for funding 2015-16

2015
- Review Committee monitor report at system level

2016
- Final evaluation, of obligatory indicators and of profiling achievements
- New 4-year ‘Quality Agreements’ inform funding shares for 2017-2021?
Financial consequences:
Rewards for good plans, sanctions for bad plans

- Profiling:
  2% of funding 2013–2016 at stake
  
  - In UAS
    - 1% for Centres of Expertise
    - 1% for other profiling

- Only the profiling part is subject of mid-term review (2014)

- Quality and study success:
  5% of funding 2013–2016 at stake
  
  - Reviewed at end of 4 years (2016)
Results Mid-term review I: Differentiation in education

Universities

- ‘Excellence programmes’ (‘honours’)
  - In almost all universities
  - More students enrolled
  - Targets will often be reached

- Few new study programmes
  - Some (research) Masters
  - Joint degrees

- Broad bachelors
  - (Aims: more efficiency, broader education)
  - All acted on their ambition
  - A few choose classical profile for programmes, not broad

- Some programmes merged, closed
  - Profile of university
  - Size
    - Problems (in Amsterdam!)
Results Mid-term review 1: Differentiation in education

UAS

- Diversity of enrolment
  - 3-year Ba for ‘vwo’: some. Some blame government
  - From vocational training (‘mbo’): attention rising
  - Honours tracks: 3/3 action taken. Some others: against exclusivity
  - Gender balance (girls in engineering; boys in teacher education, care): not mentioned

- Diversity of levels
  - Level 5 (Ad): slow decline
  - Level 7 (Master): slow growth

- Broad bachelors: mainly in engineering
  - Due to other policy at sector’s initiative
Results Mid-term review II: Focus in education and research

- Thematic clustering of programmes and research
  - Internal reallocation of funding
    - e.g. University Amsterdam: ca. 50% research funding to themes
  - Sometimes regionally across HEIs
    - e.g. healthy ageing, Groningen
  - Some clustering of universities
    - e.g. Leiden – Delft – Rotterdam

- Research: increasing alignment with external priorities
  - European: Horizon2020, Grand Challenges,
  - National: ‘top sectors’
  - (Not always reported explicitly/in detail)
Beyond the mid-term review:
Progress regarding quality and study success

- **Universities**: mainly positive outlook to achieving ambitions by end of 2015

- **UAS**: mixed picture regarding achieving ambitions by end of 2015
  - Study success indicators may become main problem

- **Review Committee wants to de-escalate**:
  - We’ll see in 2016
  - ‘Comply or explain’ principle
  - 2/3 of the 5% depends on quality indicators, only 1/3 of 5% on study success?
Question 1
Will PA ambitions be attained in institutions?

- Largely: yes, though with local exceptions

- More attention to profiling of research and education
  - Clustering in institutional themes
  - More attention to links with region
  - Etc.

- Measures
  - More intensity of education
  - More teachers qualified
  - Lower overhead

- Study success
  - Drop-out and switch reduced
  - Degree attainment improved

- Quality
  - More satisfied students
  - More students challenged in ‘excellence tracks’
Question 11
Will the Dutch higher education system be future-proof in 2016?

- Which developments regarding diversity?
- Note: hard to catch in figures/general phrases. Answer must often be sought in analysis of content: thematic specialisation below (sub-)discipline levels
- Review Committee is trying to make analyses go deeper
- More diversity of focus themes (e.g. healthy ageing) especially in research
- Less diversity of study names (more broad programmes), fewer Ad’s
- The jury is still out…
Closing words

- Review Committee: PA’s have instigated change

- Some HEIs: PA’s helped us to attain our own strategic choices

- There seems to be broad support for continuation with ‘Quality Agreements’ after 2017
For further information

- Review Committee’s website
  - www.rchoo.nl
    (in Dutch)

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  - www.utwente.nl/cheps