



Higher Ed | Performance Funding: An Opportunity to Improve Student Outcomes

Moderated by Welch Suggs, University of Georgia



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Higher Ed | Performance Funding: An Opportunity to Improve Student Outcomes

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Fiscal Policy and Administration
Tennessee Higher Education Commission**

Tennessee's Outcomes-Based Funding Formula

Georgia Budget & Policy Institute
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Tennessee Finance Policy Reform

- Complete College Tennessee Act (2010).
- Drive to 55 (current effort).
- Both reform agendas centered around increasing the educational attainment of TN residents and better workforce preparation.

Tennessee Finance Policy Reform

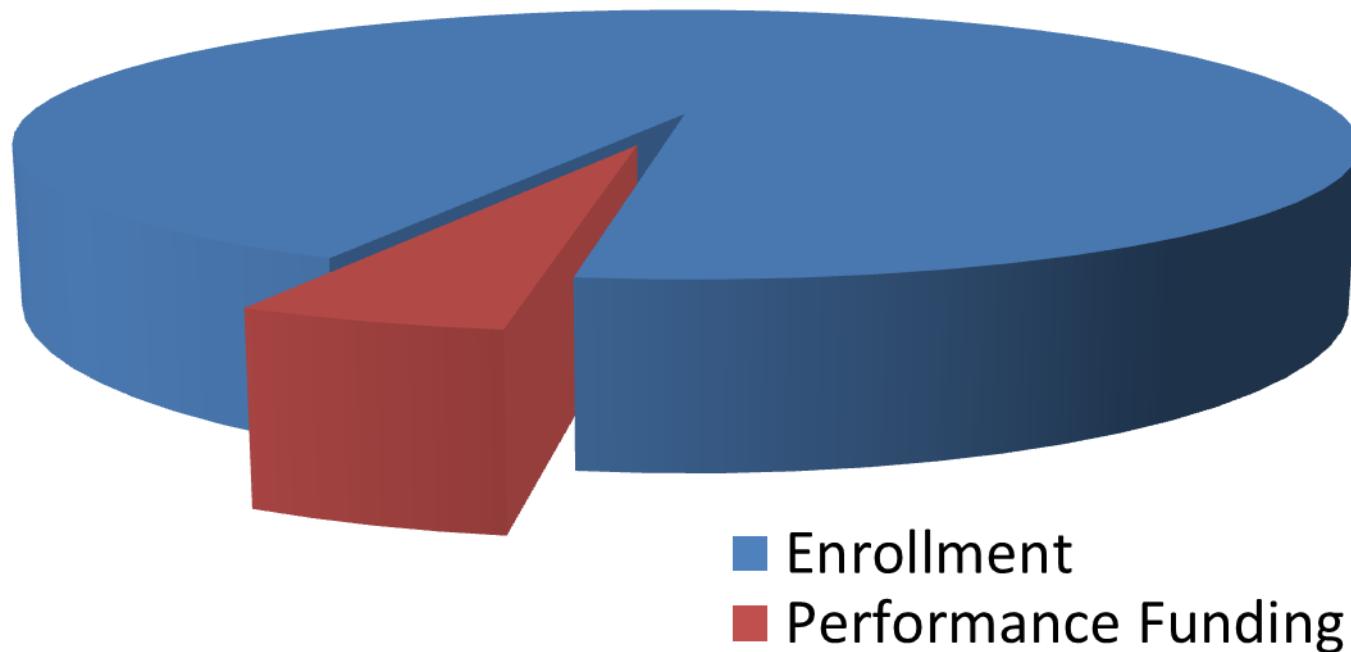
- Fundamental question for state government:
How should taxpayer dollars be distributed to
public higher education institutions?
- For decades, the answer in most every state
has been enrollment.
- Basic disconnect between policy goal
(completion) and finance policy (enrollment).

Tennessee Finance Policy Reform

- In 2010, Tennessee discontinued its enrollment-based model and built a funding formula entirely based on outcomes.
- Enrollment, at either beginning or end of term, simply no longer factors into TN higher education state funding.

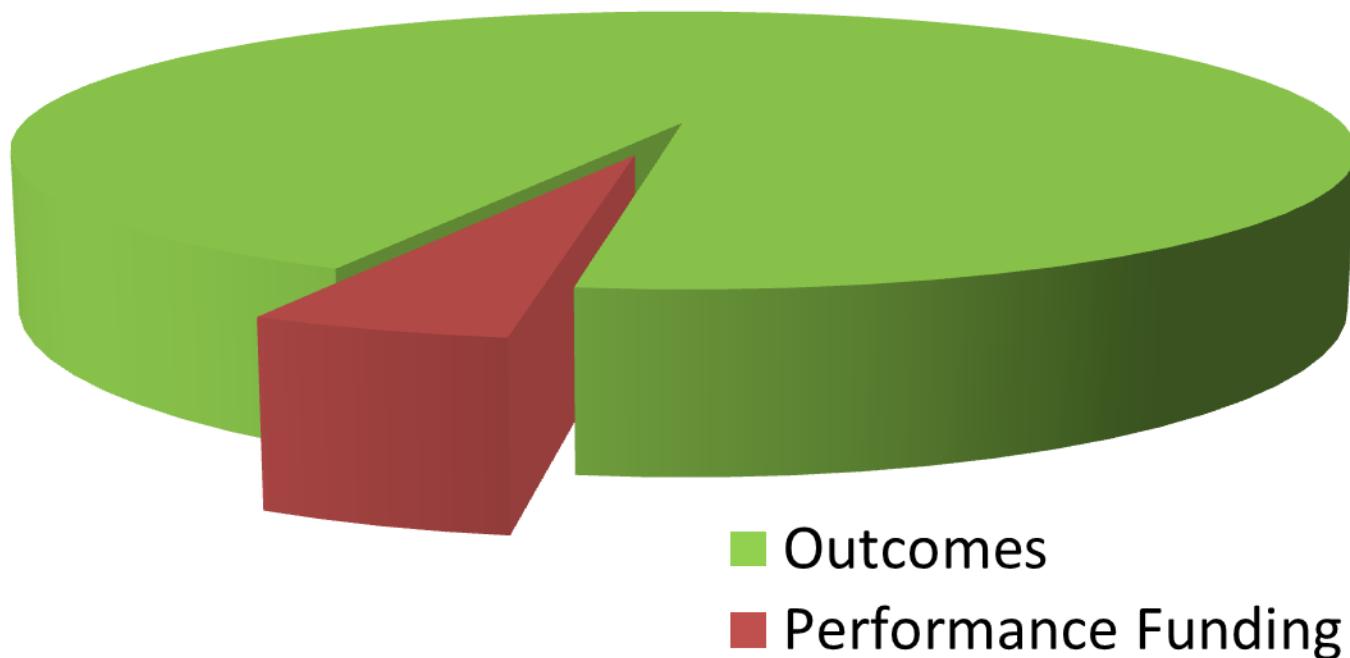
Developing a New Formula Model

TN Enrollment-Based Funding Formula,
1979-2011



Developing a New Formula Model

TN Outcomes-Based Funding Formula,
2011-Present



Tennessee Finance Policy Reform

- Tennessee's outcomes model has two basic moving parts:
 - Exclusive use of outcomes without any use of enrollment;
 - An institution specific weighting structure that weights the outcomes differently to reflect institutional mission.

Outcomes-Based Formula Model

Community College Outcomes

Outcome
Students Accumulating 12 hrs
Students Accumulating 24 hrs
Students Accumulating 36 hrs
Dual Enrollment
Associates
Certificates
Job Placements
Remedial & Developmental Success
Transfers Out with 12 hrs
Workforce Training (Contact Hours)
Awards per 100 FTE

Outcomes-Based Formula Model

University Outcomes

Outcome
Student Progression: 24 Credit Hours
Student Progression: 48 Credit Hours
Student Progression: 72 Credit Hours
Bachelors Degrees
Masters Degrees
Doctoral/Law Degrees
Research/Grant Funding
Student Transfers
Degrees per 100 FTE
Graduation Rate

TN Outcomes-Based Formula

- History of Performance Funding programs teaches the limits of small (5-10%) programs.
- All state funding in TN is distributed through the model (\$850 million).
- Institutional state appropriations must be earned anew each year.

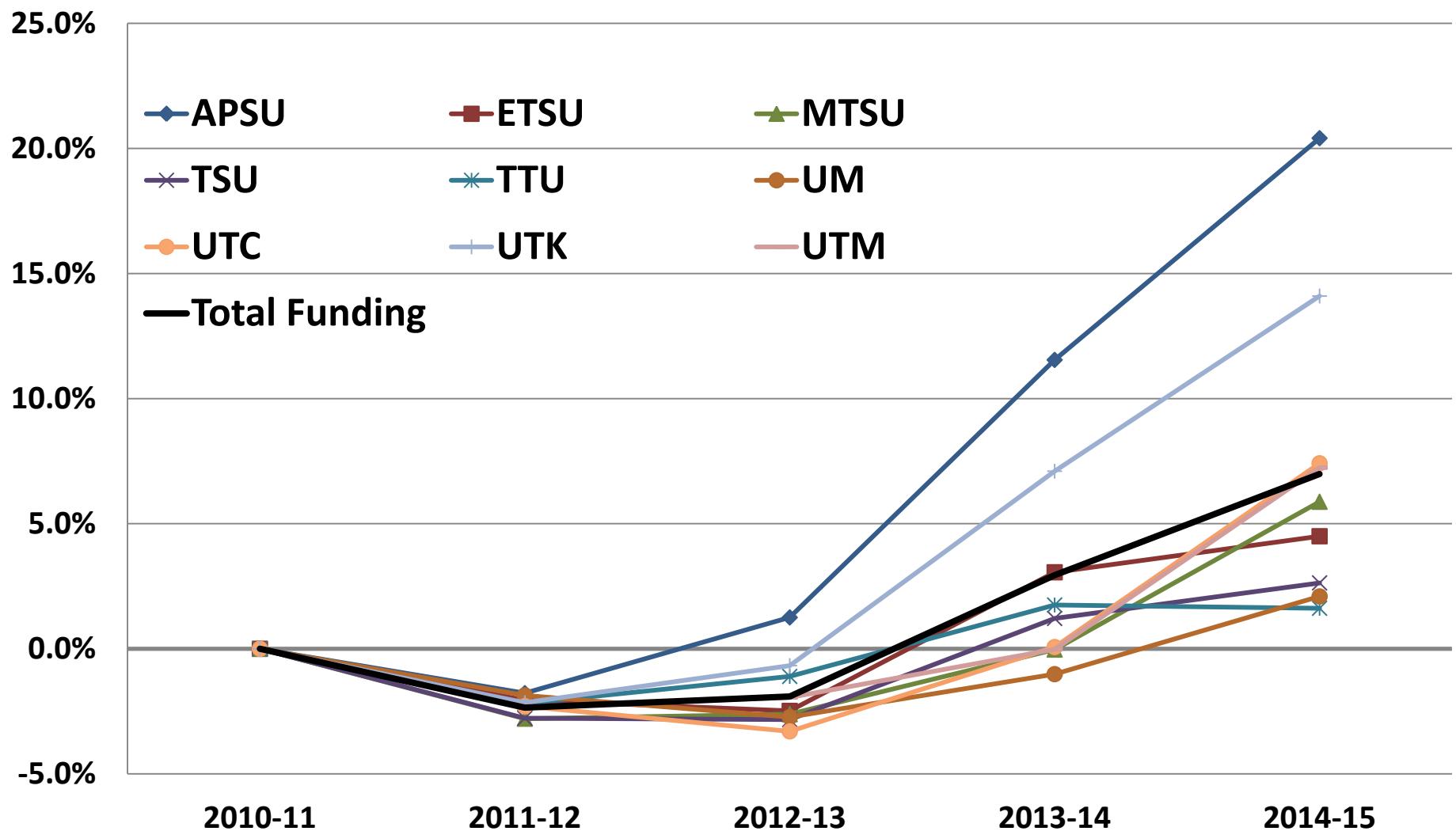
Is the TN Formula Working?

- The state is more efficiently distributing taxpayer funds.
- Institutions which are demonstrably producing more outcomes receive a greater share of state funds.

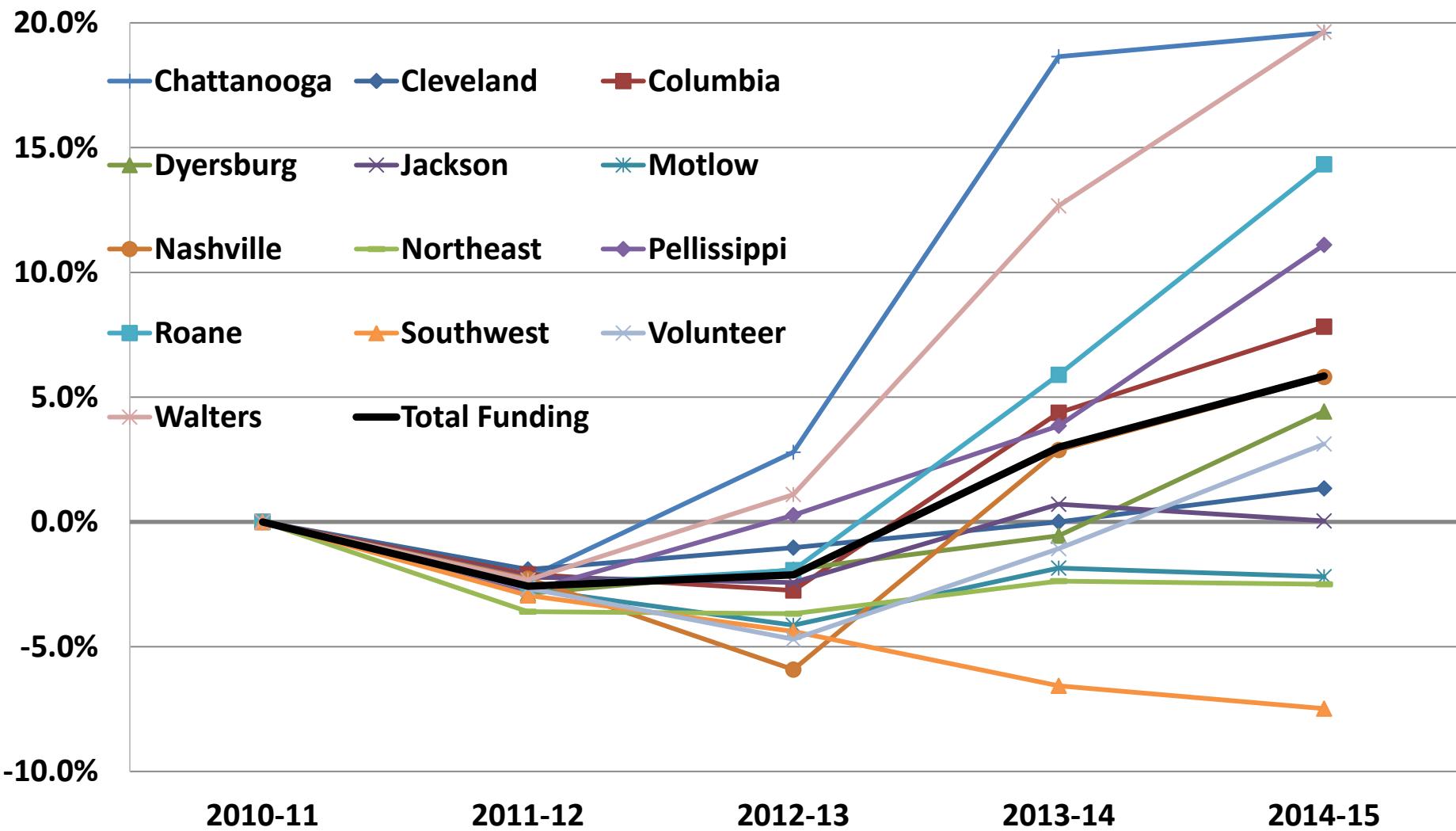
TN Outcomes-Based Formula

- Extraordinary response from institutions.
- Abundant anecdotal evidence from presidents and campus leaders that the formula is impacting institutions.
 - New programs
 - Student Advising
 - Student Success Centers

Cumulative Change in Appropriations at Universities Due to Formula



Cumulative Change in Appropriations at Community Colleges Due to Formula





COMPLETE COLLEGE GEORGIA

Moving Toward
Performance Funding

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GBPI Policy Conference
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Performance Funding in Georgia: A TCSG Perspective

Background & History

Initial Reservations & Concerns

Complete College America Impact

Higher Education Funding Commission

Formula Design & Metrics

Implementation & Monitoring

Future Work to be Done

Background & History

- TCSG convened its first Performance Funding Task Force in August, 2005
- Measures of student success – retention, graduation, and job placement – could affect institutional allocations, but not state funding
- Disconnect with state funding formula limited implementation to the margins
- Task Force also identified some concerns about expanding the performance funding model

Initial Reservations

- Awarding certificates or degrees does not necessarily result in student success in the marketplace
- Potential for a suboptimal equilibrium with focus on students who are “easy ” candidates for graduation
- From a policy perspective, failure to reach desired outcomes could sometimes warrant more state funding rather than less.

CCA Mandate

Repeat Again: By 2020, more than 60% of jobs in GA will require some form of postsecondary education, whether a certificate, associate's degree, bachelor's degree, or beyond. Yet today, only slightly more than 40% of young Georgians hold a postsecondary credential. To remain competitive, GA must not only maintain current graduation levels, but must also produce an additional estimated 250,000 graduates in upcoming years.

Governor's Response

To meet the 60% goal, Governor Deal launched “Complete College Georgia” in August 2011 and laid out six steps to increase access, retention, and completion at all institutions in the TCSG and USG to meet the state’s projected economic development needs. CCG calls on leaders in higher education to...

Six Step Program for CCG

- 1) Develop comprehensive system-wide and campus-level completion plans.
- 2) Restructure select TCSG programs to better support working students.
- 3) Increase course articulation to build a seamless education system
- 4) Improve Remediation
- 5) Create a needs-based college scholarship program
- 6) Form the Higher Ed Funding Commission

Commission Membership

HEFC Created by Executive Order 10/13/2011

- State Senators - 3
- State Representatives - 3
- University System - 8
- Technical Colleges - 8
- Business Community - 2
- Governor's Office - 1

Scope of the Commission

Governor Deal formed the Commission to examine ways to encourage colleges and universities to turn their efforts to college completion through the state's funding formula.

Under the current formula funding is based on student enrollment with little to no focus on successful outcomes.

Commission Meetings

- Governor Deal appointed members to the Commission in October 2011.
- The Commission met 7 times between December 2011 and December 2012.
- An additional staff-level working group was formed to perform data analysis, funding model review, etc.

Formula Considerations

Evaluation to Assure:

- Focus on Quality Outcomes
- Respect for Institutional Missions
- Simple to Administer
- Aligned to Economic Development

Formula Design

Outcomes Design:

- Sector-based outcomes and progression benchmarks are identified and data is collected by each college and summed by sector and system.
- Each outcome is weighted to reflect the priority of the outcome and the mission of the sector of institutions, with the majority of the formula weighted toward degree production.

Formula Design

Other Funding Components:

- Formula weights for progression increase as a student progresses toward graduation.
- The weighted outcomes are then monetized by multiplying by the average SREB faculty salary data by sector, which is increased to include the cost of employee benefits.
- Fixed costs such as Maintenance & Operations are addressed as a separate line item in the formula, utilizing a dollars per square foot calculation.

Formula Metrics

Student Progression:

Number of undergraduate students who reached or passed the 15, 30, 60, or 90 cumulative credit hours at the end of the year (Summer, Fall, Spring).

Awards Conferred:

The combined total of GED Diplomas, Certificates, Associates, Bachelors, Masters, Education Specialist, Doctoral, and Professional degrees conferred during the year (Summer, Fall, Spring).

Transfers Out with 12 Hours:

The number of students who transferred-out to any public, private, or out-of-state institution who had accumulated at least 12 earned credit hours.

Formula Special Considerations

Metrics – Additional Weight for Awards Conferred/Transfer Out Sub-populations:

Pell Grant Recipients:

Students that have received Pell at any time in their college career.

Adult Learners:

Students 25 years or older at the time of the award of a GED Diploma, Certificate, Associates, or Bachelors (as of last day of award term).

Remedial Success:

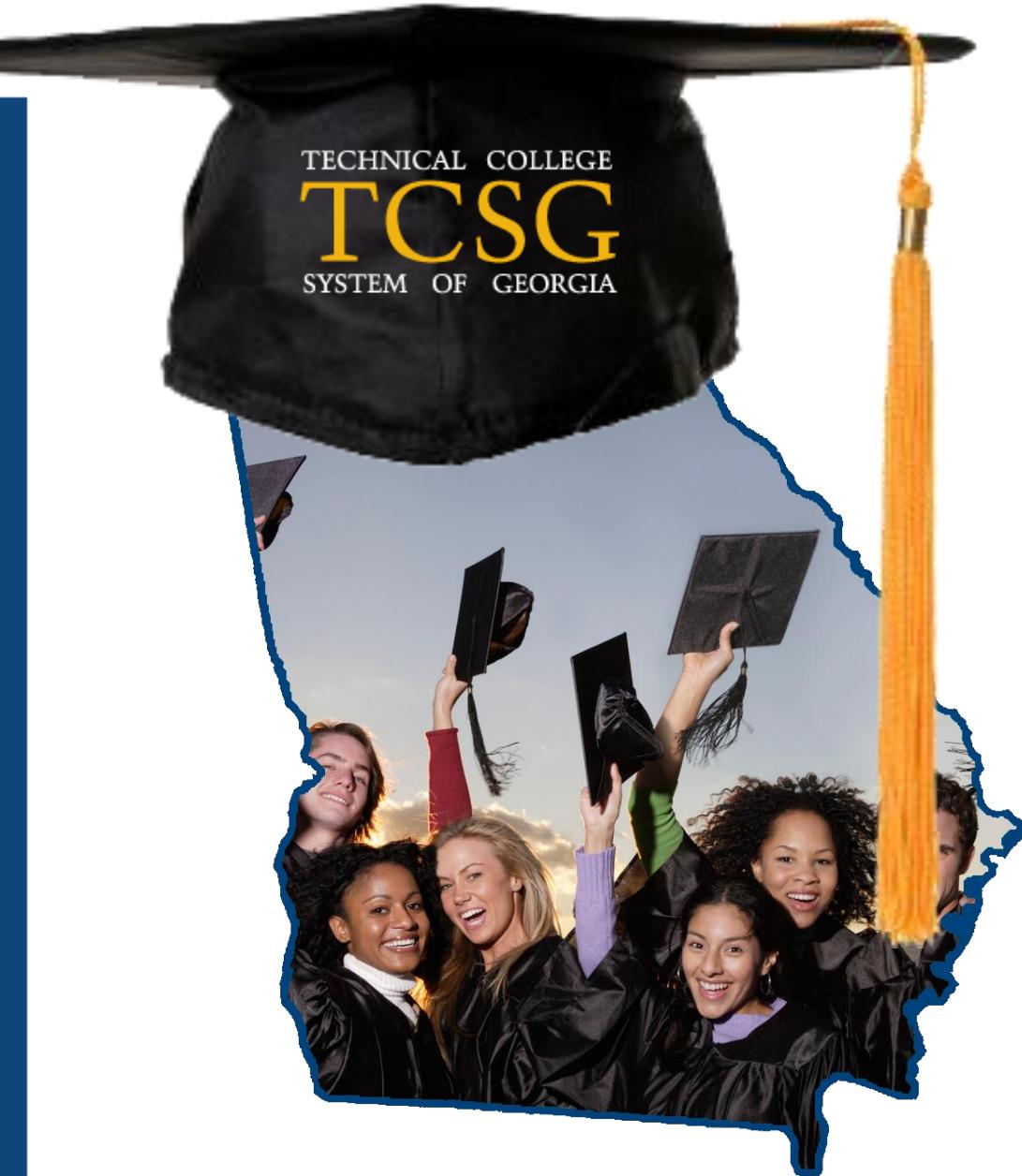
The number of students who were enrolled in remedial courses during Summer, Fall, or Spring of Year 1 who then successfully complete college-level courses in the same subject area.

Implementation & Monitoring

- The model uses the average of the latest 3 years of data.
- The outcomes-based formula will completely replace the existing state funding formula in 2016
- The Commissioner & Chancellor will continue to determine allocations to individual institutions.

Future Work to be Done

- The Commission recommended that TCSG, USG, and OPB develop formal processes (to include consultation with the legislature), for setting data definitions and monetized formula weights.
- They also recommended that the staff-level working group continue to meet on an ongoing basis to closely monitor all aspects of the formula and its impact (next meeting – Spring 2014).



Questions?

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