

Developing an Outcomes Based Funding Model for Higher Education in Georgia



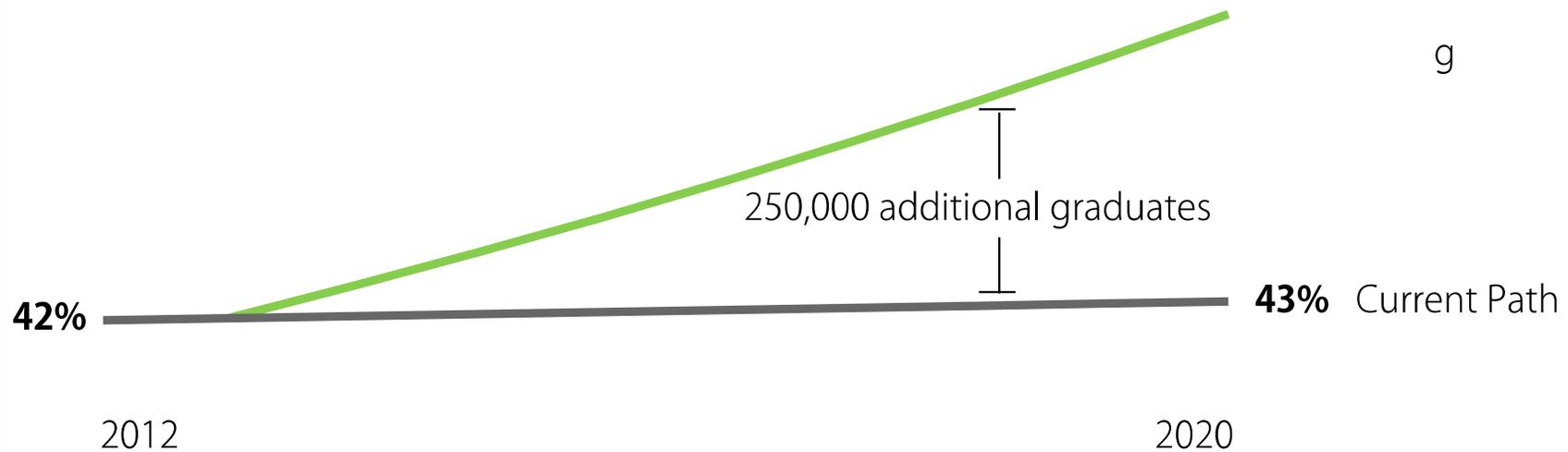
**MEETING OF THE HIGHER
EDUCATION FUNDING COMMISSION**

OCTOBER 22, 2012

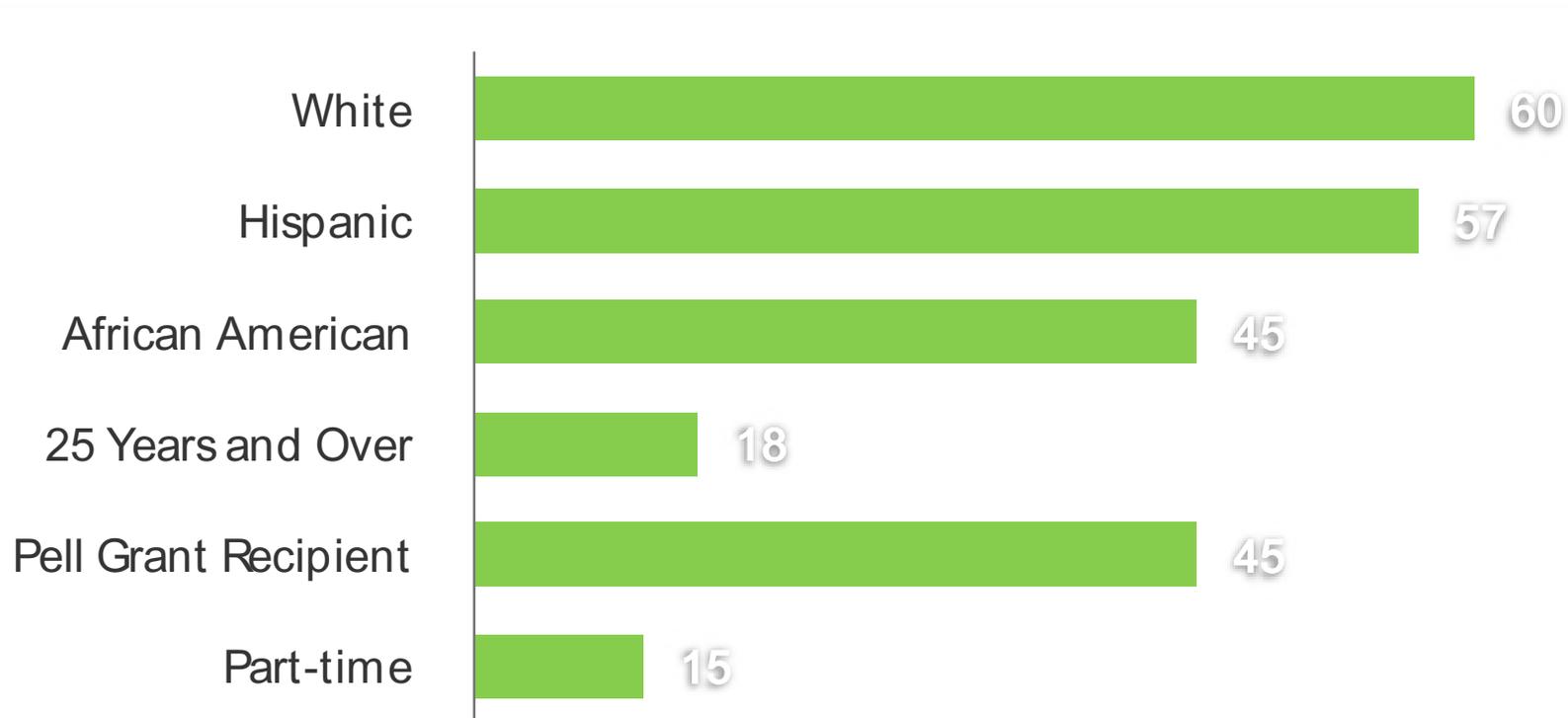
By 2020, it's anticipated that 60% of jobs in Georgia will require some form of higher education (certificate, associate's, bachelor's).



Currently, 42% of our young adults (age 25-34) qualify.



Georgia Bachelor's Degree Graduation Rate Within Six Years (%)



Complete College Georgia: Governor Deal's Call to Action



Launched in partnership with USG and TCSG in August 2011 and called for six actions:

- 1. Develop comprehensive system-wide and campus-level completion plans**
 - USG & TCSG joint plan completed in December 2011.
 - Georgia became first state in the nation to have a completion plan from every public institution of higher education in September 2012.
- 2. Restructure select Technical College programs to better support working students**
- 3. Increase Course Articulation to build a seamless education system**
 - There are now 27 courses transferable to USG institutions from TCSG institutions.
- 4. Improve remediation**
 - \$1 million Complete College America grant being used to pilot innovative remediation programs at College of Coastal Georgia, Georgia Gwinnett College, Athens Technical College and DeKalb Technical College.
- 5. Create a needs-based college scholarship program**
 - The REACH Scholarship, which identifies low-income middle school students with college potential, provides mentoring and a college scholarship funded with private dollars, launched February 2012.
- 6. Form the Higher Education Finance Commission**
 - Examine ways to change the funding formula to incentivize completion. Recommendations due to Governor Deal by the end of this year.

Current Funding Policy



- Currently, Georgia uses an enrollment-based formula
- Two different formulas, one for TCSG and one for USG
- Components of the formulas are based on outdated cost information, historical appropriations, and tuition policy that no longer reflects reality

Why Performance or Outcomes-based Funding?



- **The current model incentivizes enrollment growth rather than excellence or productivity**
- Outcomes based funding offers an opportunity to prioritize multiple measures of success
- Outcomes based funding allows for flexibility to accommodate future shifts in mission and state goals

Outcomes-based Framework: Component A



- **Component A: Rewards Progression**

- Sophomores earn more formula dollars than Freshmen, Juniors earn more than Sophomores, etc.
- Definition:
 - ✦ 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). Students passing multiple benchmarks in a year will be counted at the highest benchmark they pass. Metric is calculated by adding student's earned credit hours for the year to their cumulative earned credit hours prior to the year. Successful completion of a course is indicated by the grades A, B, C, and D. Credit accepted through transfer and dual enrollment will be included in cumulative earned hours. Learning Support/Remedial hours are not included in cumulative earned hours.

Outcomes-based Framework: Component B



- **Component B: Rewards Awards Conferred**

- Formula dollars awarded based on combined total awards, including successful transfer, and completion is prioritized over progression.
- Awards Conferred Definition:
 - ✦ The combined total of GED Diplomas, Certificates, Associates, Bachelors, Masters, Education Specialist, Doctoral, and Professional degrees conferred during the year (Summer, Fall, Spring). Students earning multiple awards at the same level (such as two associates degrees, two bachelors degrees, etc.) will be counted as one outcome. Students earning awards in multiple-levels (such as a bachelors degree and a masters degree) during the same year will be counted as multiple outcomes. Double majors do not count as two outcomes.

Outcomes-based Framework: Component B



- **Component B: Rewards Awards Conferred**
 - Formula dollars awarded based on combined total awards, including successful transfer, and completion is prioritized over progression.
 - **Successful Transfer Out Definition:**
 - ✦ The number of students who transferred-out to any public, private, or out-of-state institution who had accumulated at least 15 earned credit hours. Metric is calculated based on student enrollment at College A during year 1 (Summer, Fall, Spring Year 1) and transfer enrollment was found later in year 1 or year 2 (Fall, Spring Year 2). This does not include student who accumulated hours through dual enrollment programs and then enrolled at another institution. The number of credit hours accepted by the institution the student transfers to does not factor into this outcome. The National Student Clearinghouse and/or GA AWARDS (Georgia's Academic and Workforce Analysis and Research Data System) should be used to track transfers.

Outcomes-based Framework: Component C



- **Component C: Incentivizes Target Populations**

- Incentivizes progressing target groups by valuing them at a higher level
 - ✦ Commission Recommendation: Low Income
 - Definition: Students that have received Pell at any time in their college career. Check Pell status from first term of postsecondary enrollment through the end of the year being reported (through Spring semester). Counted in Awards Conferred and Transfer metric.
 - ✦ Commission Recommendation: Adult Learners
 - Definition: Students 25 years or older at the time of the award (as of last day of award term) or at the time of transfer (as of the last day of the term before transfer) the year being reported. Counted in Awards Conferred and Transferred metric.
 - ✦ Commission Recommendation: First Generation (for future consideration)
 - ✦ Working Group Recommendation: Dual Enrollment (for future consideration)

Outcomes-based Framework: Component D



- **Component D: Sector-based Priorities**
- Allows the Systems to apply weighting to each outcome to reflect priorities of different sectors
 - Technical Colleges may value certificates higher
 - State & Two Year Colleges may value transfers higher
 - Regional & State Universities may value Bachelor's Degrees higher
 - Research Universities may value graduate degrees higher
- Would be periodically reviewed and reset
- Calculating by sector allows USG and TCSG to ensure we are meeting state goals
- Calculating by sector rather than by institution ensures the formula prioritizes stability and simplicity

Outcomes-based Framework: Component E



- **Component E: Sector-based Strategic Initiatives**
- Allows the Systems to give each bonus incentives based on sector and state priorities
 - Technical Colleges (Ex: Workforce Placement)
 - State & Two Year Colleges (Ex: Remedial Success)
 - Regional & State Universities (Ex: STEM Graduates)
 - Research Universities (Ex: External Research Funding)
- Would be periodically reviewed and reset
- Allows the state flexibility to use the data on workforce and state needs as data is available

Draft: Outcomes-Based Formula Factors



	Technical Colleges	State and Two Year Colleges	Regional and State Universities	Research Universities
<u>Degree Progress/Retention</u>				
Students Accumulating 15 Hours	X	X		
Students Accumulating 30 Hours	X	X	X	X
Students Accumulating 60 Hours	X	X	X	X
Students Accumulating 90 Hours		X	X	X
<u>Certificates/Degrees Earned</u>				
Students that Earn a Certificate	X	X		
Students that Transfer Out	X	X		
Students that Earn an Associate's Degree	X	X	X	X
Bachelor's Degree		X	X	X
Master's/Ed Specialist Degree			X	X
Doctoral Degree			X	X
<u>Pell Students</u>				
Pell Students that Earn a Certificate	X	X		
Pell Students that Transfer Out	X	X		
Pell Students that Earn an Associate's Degree	X	X	X	X
Pell Students that Earn a Bachelor's Degree		X	X	X
<u>Adult Students</u>				
Adult Students that Earn a Certificate	X	X		
Adult Students that Transfer Out	X	X		
Adult Students that Earn an Associate's Degree	X	X	X	X
Adult Students that Earn a Bachelor's Degree		X	X	X
<u>Strategic Initiatives</u>				
Strategic Initiatives	X	X	X	X

General Principles



- The formula would replace the current two formulas entirely
- Remains revenue neutral to develop a base, and moves the formula toward granting new funds based on outcomes
- The outcomes-based formula would be calculated using institution-specific data but use unified weights across sectors
- Appropriations to the institution would continue to be allocated by the Chancellor and Commissioner

Calculating the Formula



- How is the data calculated for the outcomes-based formula?
 - All outcomes are counts rather than rates, and therefore not dependent on an initial cohort.
 - It includes any outcome achieved by any student at any time (part time, returning students, transfers, etc.)

Draft Framework



	Data	X Formula Weight	(=) Weighted & Scaled Points	X Sector Priority	(=) Total Points	X Funding Multiplier	(=) Funding Per Outcome
Research Universities							
Students Accumulating 30 Hours	12,500	0.4		3.0%			
Students Accumulating 60 Hours	15,750	0.6		3.0%			
Students Accumulating 90 Hours	37,000	0.8		3.0%			
Underserved Population Incentive 0.1							
Students that earn a Bachelor's Degree	14,500	1.9		40%			
Students that earn a Masters/Ed Specialist Degree	6,750	2.4		35%			
Students that earn a Doctoral/Professional Degree	2,500	3.4		16%			
Strategic Initiatives	TBD	TBD		Up to 5%			
							Total

Working Group Recommendations: Commission Decision Points



- Does the Commission:
 1. Recommend using the “Outcomes Based Funding Formula Definitions” to define the data points for the outcomes-based formula (Handout 1)?
 2. Recommend reporting data and calculating award by sector?
 3. Recommend prioritized weighting based on sector priorities in the formula, with an overall weight towards outcomes/awards?
 4. Recommend a “Sector Based Strategic Initiatives” outcome in the formula?
 5. Recommend that the state further study adding dual enrollment to the formula?