

Interim Charge # 1: Funding incentive structures to support statewide needs and increase the number of graduates

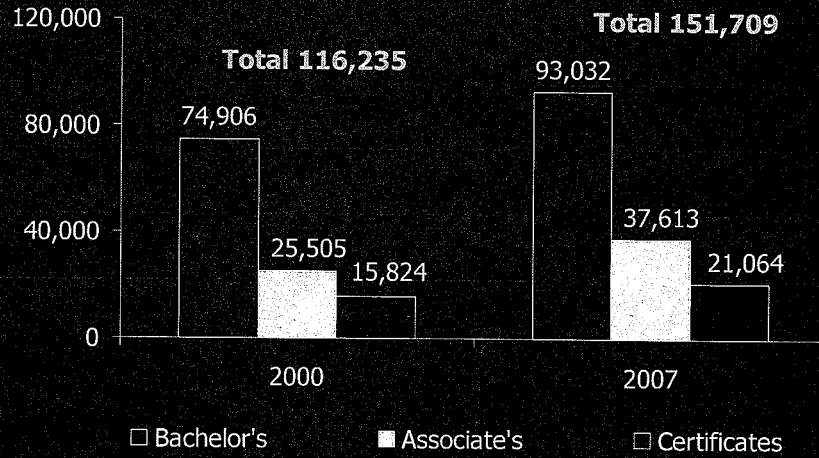
Presentation for:
Senate Subcommittee on Higher Education &
Senate Finance Higher Education Subcommittee

June 25, 2008

Texas has realized impressive results in
terms of improving graduation rates...

Graduation Rate	FY 1999	FY 2006
4-Year	19.9%	25.1%
5-Year	39.7%	47.4%
6-Year	49.2%	57.2%
Graduation & Persistence	63.5%	70.6%
Transfers' Grad Rate	49.3%	52.5%
Students Receiving Pell	25.7%	30.6%

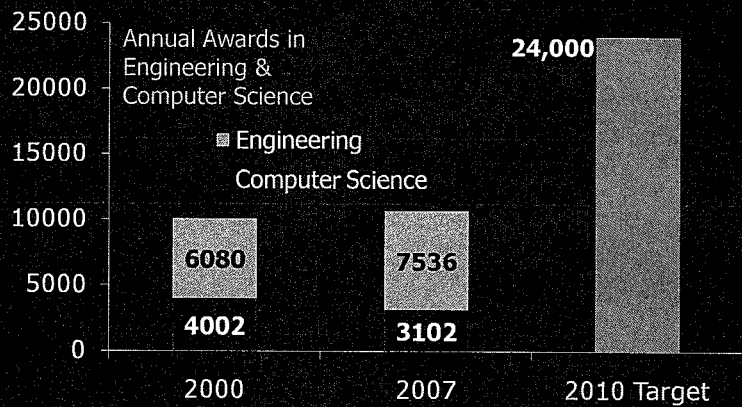
...and other success measures such as degrees and certificates awarded.



THECB

3

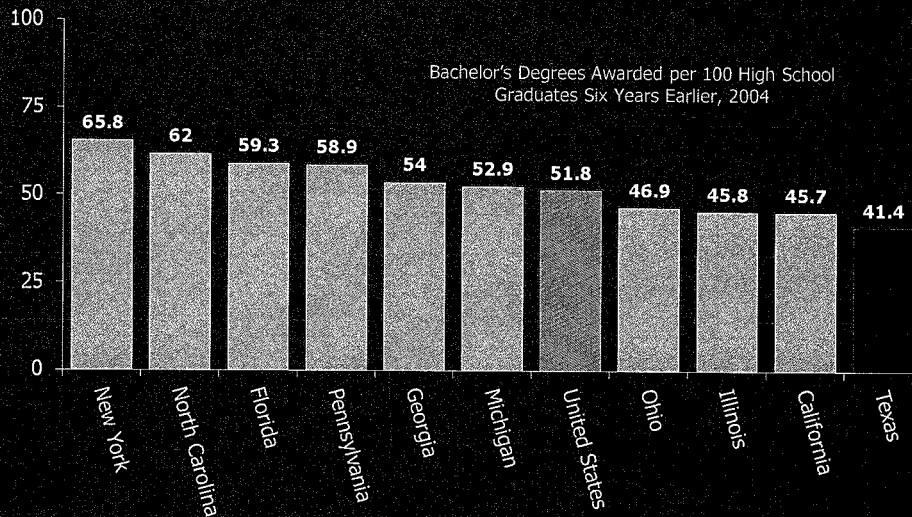
Texas has ongoing statewide shortages in critical technology fields that drive the new economy



THECB

4

...and Texas continues to face challenges in producing educational outcomes compared to peers



THECB

Source: NCES-IPEDS Completions Survey, WICHE

5

Shifting focus from inputs to outputs

Looking forward, the Coordinating Board has concluded the following:

- **Significant and sustained commitment** of state resources is critical for the second phase of *Closing the Gaps*, and to assure higher education is accessible to lower- and middle-income students; and
- Investment in higher education without clearly defined **metrics** and **measurable outcomes** is no longer an appropriate model in a fiscal environment constrained by limited resources.

THECB

6

Shifting focus from inputs to outputs

- Shift focus of funding for institutions from **attempted** semester credit or contact hours to **completed** semester credit or contact hours.
- Provide **performance-based** funding to reward degrees and other educational outcomes.

THECB

7

Shifting focus from inputs to outputs

Performance Funding

Source:

Formula Funding

Methodology:
Degrees Awarded

Incentive Funding

Source:

Separate Appropriation

Methodology:
Improvement in
key educational
outcomes

Outcomes:

- ✓ Increase at-risk graduates
- ✓ Increase total graduates
- ✓ Increase critical field graduates

THECB

8

Performance Funding

Allocated to institutions for degrees awarded based on three-year average:

- ✓ Rewards all degrees and certificates regardless of timeframe achieved or where student originated
- ✓ Encourages institutions to bolster retention and advising programs to assure educational outcomes
- ✓ Funded via formula funding appropriations

Recommended Appropriation for 2010-11:

- General Academic Teaching Institutions: \$1.2 billion
- Community and Technical Colleges: \$1.2 billion

THECB

9

Incentive Funding

Initiative created by the 80th Texas Legislature. Directed Coordinating Board to develop methodology, in conjunction with Governor's office, to allocate \$100 million in FY 2009:

- ✓ Allocated to institutions for improvements in degrees awarded weighted for **critical fields** and **at-risk students**
- ✓ Rewards institutions that graduate more transfer students
- ✓ Encourages institutions to bolster advising and tutoring programs to assure more at-risk students achieve
- ✓ Funded via separate appropriation

Current Appropriation:

- General Academic Teaching Institutions: \$100 million

THECB

10