

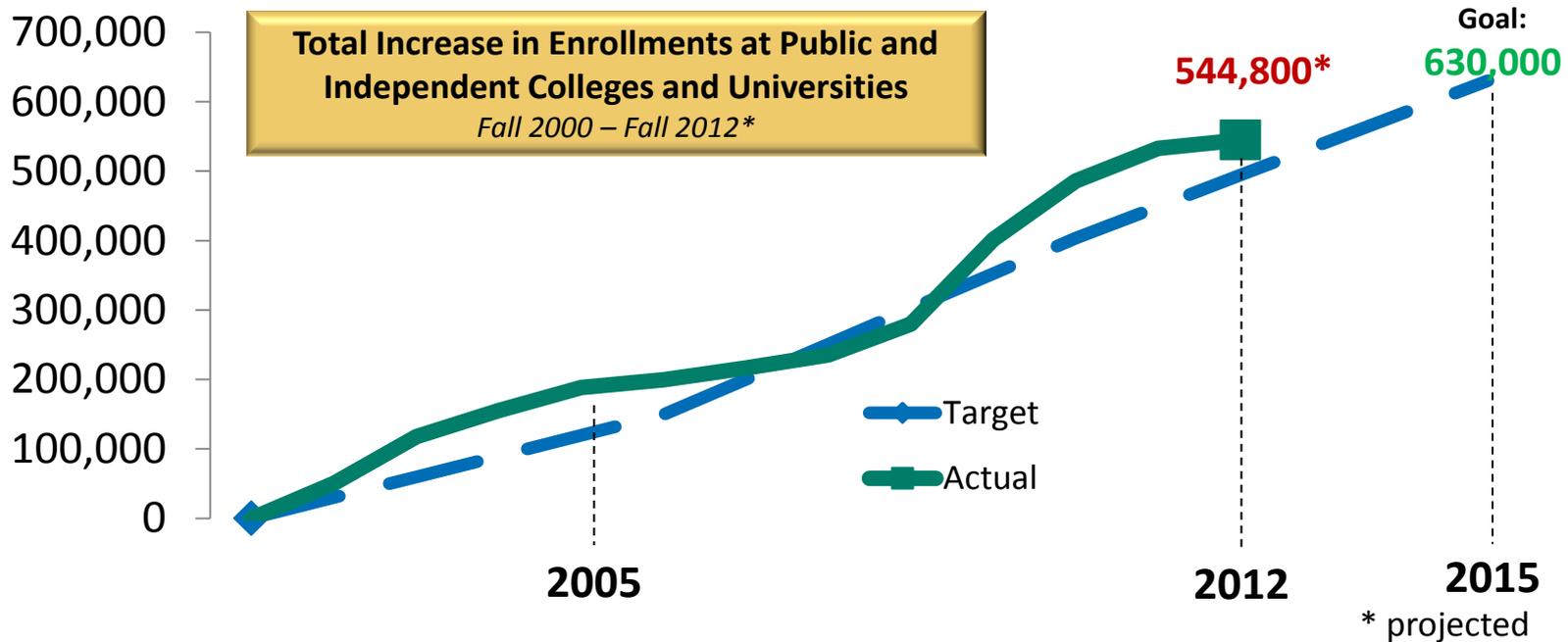
# Outcomes-based funding for higher education in Texas

*A proposal to better align higher  
education funding with state  
education and workforce priorities*



TEXAS HIGHER EDUCATION  
COORDINATING BOARD

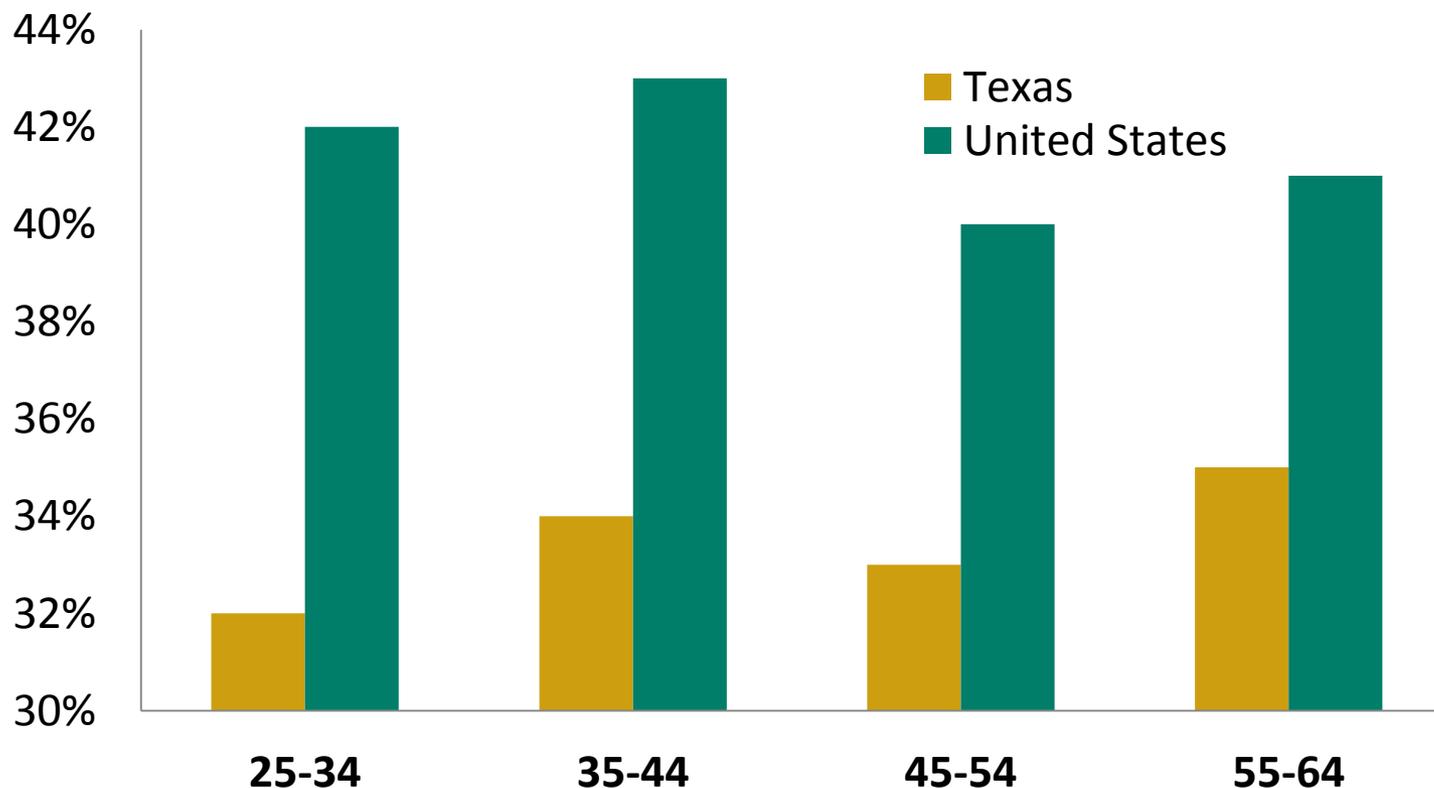
# Texas is enrolling and graduating more students than ever before...



- ✓ **208,000 postsecondary credentials** were awarded in FY 12
- ✓ **Enrollments have doubled** for Hispanics and African Americans since 2000

# ...but educational attainment **continues to lag**, particularly among youngest cohort of workers

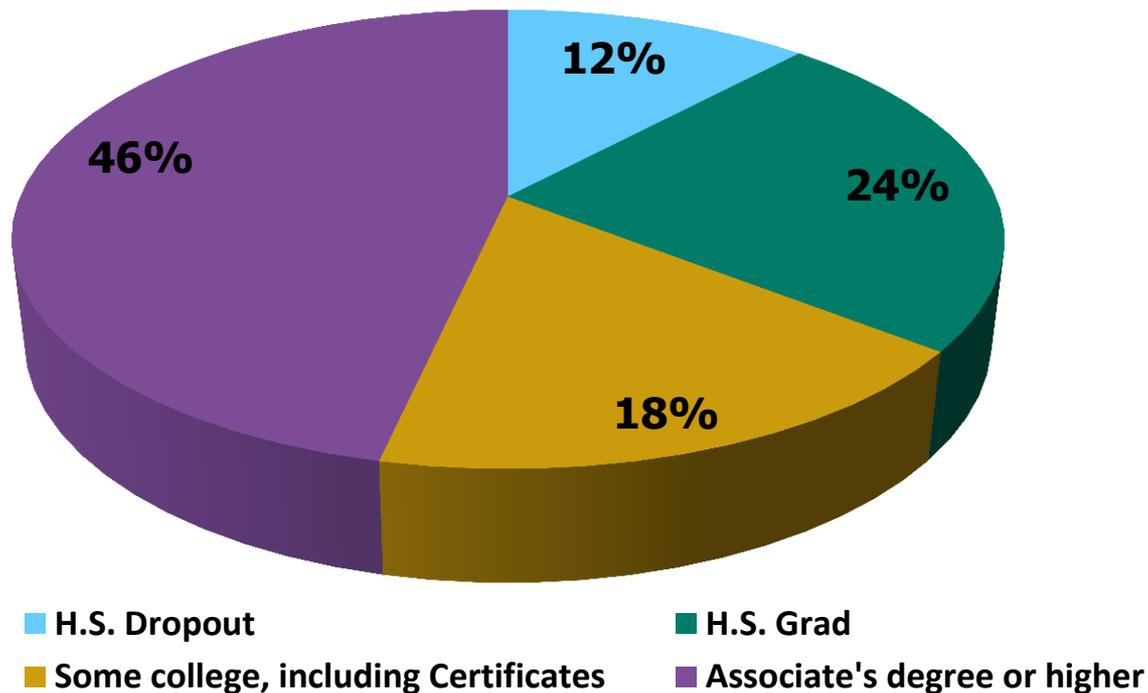
Percentage of Population with an Associate's Degree or Higher by Age Cohort



Source: OECD, Education at a Glance 2012; American Community Survey, 2010

# Our future workforce **demands even more** postsecondary trained and educated workers

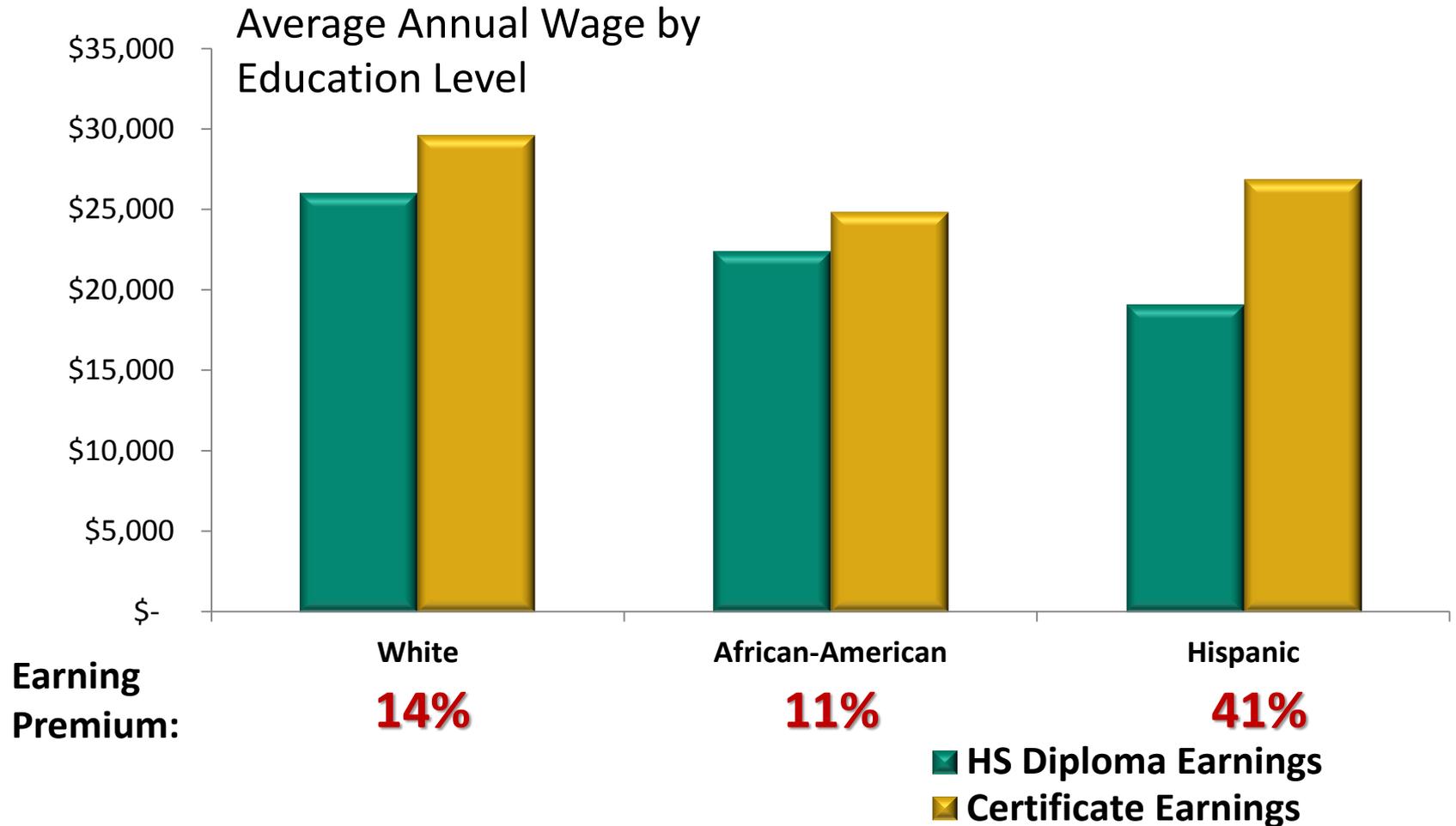
U.S. Workforce Projections by  
Required Education Level, 2020



In 1973, only 28% of all U.S. jobs required postsecondary education/skills. By 2020, **65% of the jobs** will require this level of education

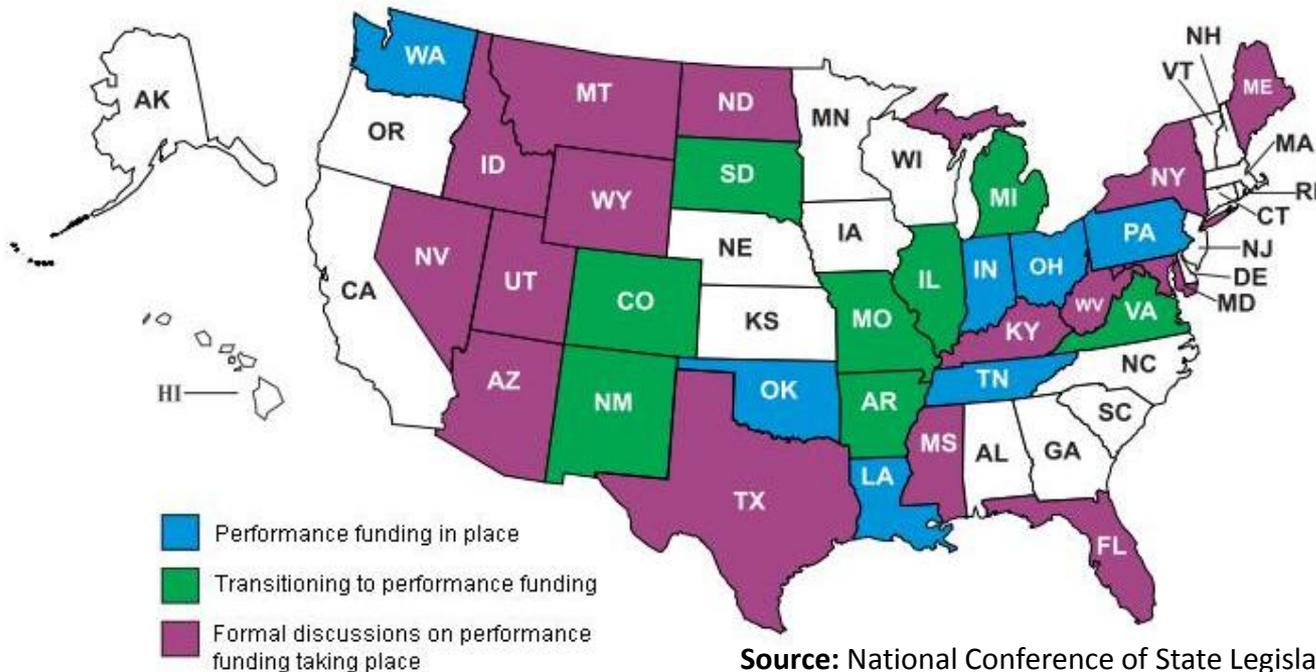
Source: Georgetown University, *Center on Education and the Workforce*; data in charts rounded.

# Even postsecondary workforce certificates are critical linchpins between high school and good employment



Source: Georgetown University, *Center on Education and the Workforce*.

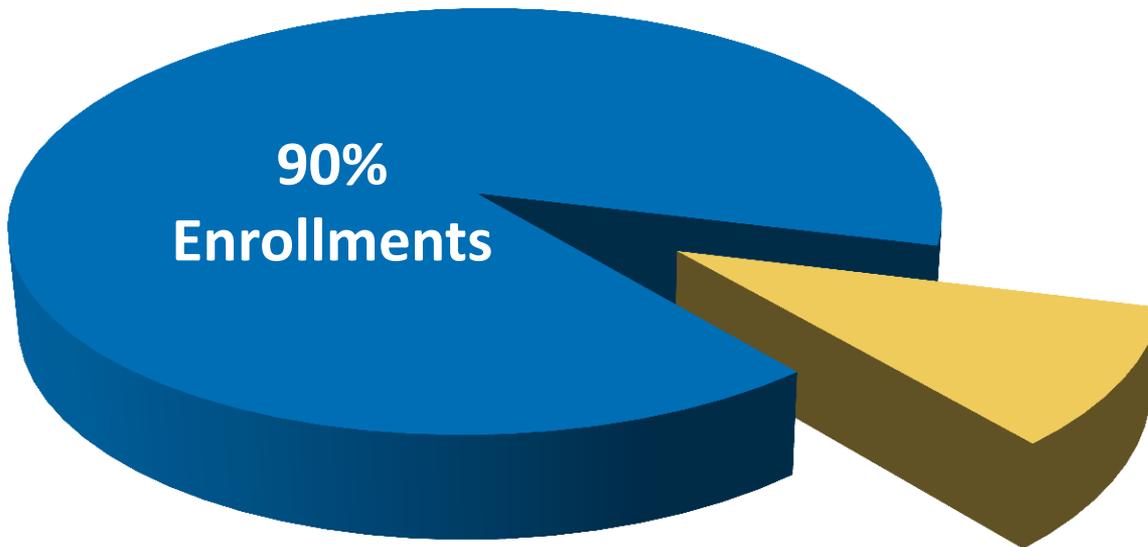
# Creating financial incentive to increase postsecondary credentials is gaining steam



Outcomes-based funding models for higher education recognize the need to increase both student enrollments and success in higher education. The competition to draw high-skill, high-wage jobs is fierce, and those states that increase postsecondary completers will retain an edge.

# In Texas, representatives from universities and community colleges **collaborated** to develop outcomes-based models

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Share of university and community college funding allocation under outcomes-based funding model

Models were developed under Legislative directive through a formal consultative process among institutions of higher education and THECB.

**10% of undergraduate institutional funding** will be allocated on 3-year rolling average of postsecondary completions or other measureable student outcome metrics

# University leaders identified, and THECB endorsed, 7 student outcomes to use for university funding

## Critical Workforce Needs (Double Weight)

Degrees awarded in fields identified as critical workforce needs.

## Total Undergraduate Degrees

Total Bachelor's Degrees awarded at the institution

## Non-Traditional Student

Bachelor's Degrees awarded per 100 full time student equivalents (FTSE)

## Persistence

Students who complete their 30th, 60th, or 90th hour at the institution.

## At-Risk Student

Degrees awarded to students who meet federal criteria for being at high risk of dropping out.

## Time-to-Degree

Bachelor's Degrees awarded times the institution's six-year graduation rate

## Cost-to-Degree

Bachelor's Degrees awarded adjusted for instructional costs

# Community college leaders and the THECB reached consensus on a variety of **student success** metrics

## Developmental Education

Completion of development education in math and English  
**(1 point for math; .5 points each for reading and writing)**

## Gateway Course

Completion of first college level math or English course.  
**(1 point each)**

## College Credit Attainment

Completion of first 15 college credits and first 30 college credits.  
**(1 point each)**

## Credentials Awarded\*

Completion of an associate degree, certificate, or bachelor's degree (where offered.)  
**(2 points each; 2.25 for STEM credentials)**

## Transfer to a General Academic Institution

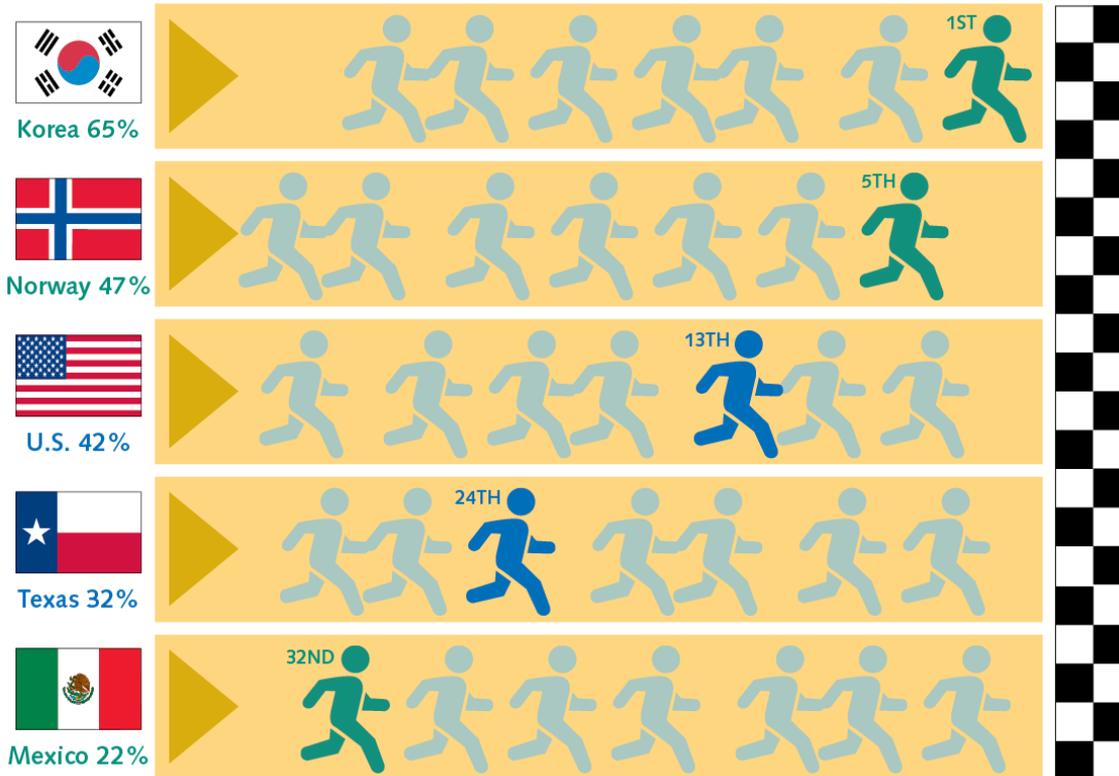
Transfer to a general academic institution after having completed 15 hours of coursework.  
**(2 points)**

## Adult Basic Education and English as a Second Language

Successful completion of an ABE or ESL sequence.  
**(Implementation pending new data collection)**

\*Students completing common core will be counted in this category

# Outcomes-based funding will accelerate Texas' progress toward national and international leadership



Today, Texas **ranks 24<sup>th</sup> in educational attainment** among the youngest generation of workers in the world's most competitive economies.

**Source:** OECD, *Education at a Glance*, 2012. Educational attainment measured by population of 25-34 year olds with associate's degree or higher