

East Texas Regional Roundtable



Frequently Asked Questions

*On Tuesday, May 18th, the Texas Higher Education Coordinating Board hosted a roundtable discussion in Tyler, Texas to update the East Texas Region on gains made towards **Closing the Gaps by 2015** and outline specific strategies designed to accelerate progress on the student success goal. The Coordinating Board also outlined new models for funding universities and community colleges designed to increase student success. During the event, there were a number of questions for which answers are provided below.*

How exactly would the new funding models work?

The Coordinating Board is proposing two distinct funding models that best align with the educational missions of the two higher education sectors: universities and community and technical colleges.

Universities

The university model will shift funding from enrollment at the beginning of the semester to the end of the semester. Today, institutions submit enrollment figures to the state based on the 12th day of classes. The state funds institutions based on these enrollments and weighted by degree fields which account for cost differentials for providing educational services. If a student drops a course on the 30th class day, the institution keeps the state funding and a portion (if not all) of the student's tuition and fees for that particular class.

Under the Coordinating Board's proposal, institutions will be funded on student enrollment at the end of the semester, using the same degree field weights. The funding methodology will not make any distinction as to whether a student passed or failed the class, just that they completed it. Additionally, the Coordinating Board is recommending a 5% supplement for at-risk students that would help support those institutions that enroll a high number of students that face academic challenges.

Community and Technical Colleges

The Community and Technical Colleges are currently funded on a similar methodology as universities in terms of state appropriations. However, because of their unique mission, the Coordinating Board is recommending carving out 10% of their state appropriations and allocating it based on specific educational milestones, called Momentum Points. Momentum points will be awarded to colleges for the educational progression of their students to include successful completion of developmental education, first-year college level math, 15/30 course hours, a certificate or degree program, and transfer to a 4-year university.



What is the correlation between funding on completion (at universities) and graduation rates?

Closing the Gaps by 2015, the state's higher education master plan, has a goal to increase the number of annual Certificates and Associate's and Bachelor's degrees to 210,000 by 2015. The state has not set a goal related to graduation rates. In fact, the Coordinating Board tracks university graduation rates at 4, 5, 6 and 10-year increments. While graduation rates are a key accountability metric, it is not the driving force behind the state's goal or the proposal to fund public university courses at the end of semester.

The key rationale behind the Coordinating Board's recommendation is to fundamentally shift the cultural mindset of higher education from enrollment to completion, both in terms of coursework and higher education credentials. The benefits of such a shift are two-fold:

- 1) Completion of courses will lead to completion of degree programs, regardless of the period of time it takes; and
- 2) Reducing the number of dropped courses will reduce the costs to both state and students—students will earn degrees in a more cost-efficient manner.

Because this is a new phenomenon, there is not specific data available in Texas or elsewhere in the nation that can definitively prove or disprove a direct correlation between course completion and a specific time to degree (i.e. graduation rate). However, there is a clear linkage between dropped courses and degree completion. One of the foremost experts in this area, Dr. Clifford Adelman, conducted an extensive review of more than 200,000 student records across the nation and concluded the following from his statistical analysis:

- ✓ "Withdrawing from or repeating 20 percent or more of courses decreases the probability of earning a bachelor's degree by nearly half;" and
- ✓ "Remaining continuously enrolled increases the probability of degree completion by 43.4 percent."

His full study, *The Toolbox REVISITED - Paths to Degree Completion from High School Through College* (2006), can be found at:

<http://www.ed.gov/rschstat/research/pubs/toolboxrevisit/toolbox.pdf>

At a time when the state faces significant fiscal challenges, losing \$125 million each two-year budget cycle because of dropped courses is not insignificant. Additionally, it is troubling when university students who start but never complete a degree leave higher education with more than \$10,000 in student loan debt. The Coordinating Board's proposal is designed to not only better align our higher education institutions with student success, but do so in the most cost-efficient manner possible for students, the state, and taxpayers.

Some state leaders are claiming that most future jobs in Texas won't require a four-year degree. Why does it appear that the Coordinating Board is primarily focused on four-year college degrees?

Closing the Gaps by 2015 sets benchmarks for higher education that include all levels of credentials, to include certificates and Associate's degrees awarded at public two-year community and technical colleges throughout the state. The goal also includes certificates and degrees awarded at private technical colleges such as the University of Phoenix and ITT. Data

show that indeed the greatest enrollment growth is occurring at our state's community and technical colleges where many students are seeking opportunities to retool or develop workforce skills that are critical for the state's long-term economic vitality. It is for this reason that the Coordinating Board is also focused on student success at the community and technical college level to assure that students achieve at high levels and are prepared to succeed in the workforce.

The Coordinating Board believes that all higher education, whether it results in a certificate or a Ph.D, is critical for Texas to be economically competitive. Not all students will require highly advanced degrees, but all students require a strong educational foundation. In the same way we want to prepare students with skills to succeed and adjust to the workforce, we must provide the educational skills for them to succeed in the event they wish to return to higher education in the future to advance their career and opportunities.

Most East Texas stakeholders agree that much of the problem in the educational pipeline has its roots in the K-12 system. How is the Coordinating Board addressing that issue?

The Coordinating Board understands how critical the K-12 sector is for meeting our educational goals. It is for this reason specifically that we look at the totality of the P-16 pipeline when we talk about education. The Coordinating Board is working closely with the Texas Education Agency on a number of key initiatives to improve the K-12 system.

First and foremost, in collaboration with the Texas Education Agency and public school educators, we developed the [College and Career Readiness Standards](#) that set basic thresholds of learning required to compete not only in a college classroom but also in the workforce. These standards have been adopted by the state and are being implemented in public schools. These are a critical first step toward getting students all over the state of Texas ready for life after high school, wherever it might take them.

Second, we are focused intently on major reform to improve [developmental education](#). In the event students come to higher education less prepared than they need to be to succeed in college, we must have a system that can very quickly and effectively bring that student up to educational par with peers. Doing so will not only save the state money, but it will improve overall student success.

Finally, the Coordinating Board will soon announce the launch of a comprehensive, grassroots campaign extolling the virtues of a college and career ready culture that permeates all sectors of this state. The Generation TX campaign will help students and their parents understand the role higher education can play in their futures and the economic well-being of the state.

Universities have a high level of fixed costs to operate. Won't the shift to funding completion make it difficult for these institutions to cover those costs?

The Coordinating Board is very sensitive to the costs of higher education. It is clear that the cost of energy, health care, and other fixed costs continue to rise—often outstripping by large margins the rate of any index of inflation. This is one reason we are working closely with higher education institutions via our [Advisory Committee on Higher Education Cost Efficiencies](#) to help identify statewide strategies to reduce such costs.

However, fixed costs will not be significantly impacted by shifting funding of courses from the beginning of semester to the end of semester except and unless the institutions do not adjust to the new policy. Under the current system, institutions are funded on enrollments at the 12th class day. Because the overall state pool of appropriations is limited, institutions effectively compete within that pool for the appropriated dollars based on their enrollments for a particular academic year. So, in effect, there are “winners” and “losers” based on the success or failure institutions have enrolling students year over year. For example, below are actual formula funding allocations from two institutions based on the current funding methodology:

Institution	FY 08-09	FY 10-11	Diff.	% Diff.
University A	\$33.4M	\$32.4M	(\$1.0M)	(3%)
University B	\$32.7M	\$31.5	(\$1.2M)	(4%)

This shows that these two universities “lost” \$1 million in allocation because their enrollments on the 12th class day declined over these two-year funding cycles. The same would be true when we shift to funding at the end of semester. Universities that are more successful in helping students complete courses will likewise gain a greater share of the allocations than those that are not as successful.

What this means is that fixed costs at institutions will be affected in the same ways they are under the current system. An institution that loses initial enrollment will have their fixed costs affected in the similar ways as an institution that loses enrollment through attrition at the end of a semester. In the end, fixed costs are no more or less impacted under either funding methodology.

Won’t the funding on course completion at the universities simply result in admissions officers selecting “academic winners” to avoid the potential of lost funding?

Under both methodologies, institutions are funded based on enrollments. The only difference is when enrollment is counted—beginning of semester vs. end of semester. It would be to an institution’s fiscal disadvantage to reduce overall enrollments under either model. However, the Coordinating Board listened to the concerns of some institutions that enroll relatively high numbers of academically at-risk students. To avoid creating any trends to make institutions more academically selective and inadvertently reduce key segments of the student population that we have worked hard to include in higher education, the Coordinating Board proposal includes an “at-risk supplemental.” This supplement would be allocated to institutions based on their “at-risk” student population. Again, this would provide financial incentive to the institutions to continue to enroll and support students considered “at-risk.”

Why are community colleges and universities treated differently under the Coordinating Board’s proposal?

The Coordinating Board has responded to input from the community and technical college sector that has raised concerns about applying the course completion model to their institutions. The Coordinating Board recognizes that community and technical colleges have a very unique and distinct educational mission from that of universities, which leads to attracting a very different student body. For this reason, we are proposing a variation of the funding

methodology that approaches the community and technical college sector in a different manner, but pursues the same goal—student success. The community college model ties a portion of their state funding to educational milestones that are commensurate with their educational missions.

By shifting to a methodology that focuses on completion versus enrollment, won't that lead to grade inflation in an effort to keep students enrolled?

The Coordinating Board's proposed methodology does not differentiate between students who fail or pass. Institutions are funded on whether a student finishes the course. Additionally, the Coordinating Board is actively looking at methodologies that the state can use to measure student learning outcomes to assure that all students who complete coursework and their degree have mastered the desired knowledge and skills.

Why not keep baseline funding methodologies the same and shift to an incentive model that provides additional funds to institutions based on performance?

There is currently a program in place for universities that provides funds based on the number of degrees awarded, as well as the rate of increase for degrees awarded year over year. The Performance Incentive Fund was designed to award and incent better outcomes. Last session, this program was funded via the federal stimulus program. This program has the potential to improve outcomes in higher education. However, the long-term funding is in question as the state faces a significant budget deficit. In order to realize benefits from such a program, a consistent funding system is needed. For this reason, the Coordinating Board believes that implementing a lesser degree of outcomes based methodologies (i.e. funding completed courses rather than degrees) within base funding will result in significant improvements in institutional performance and student success. If and when the Performance Incentive Fund is fully funded over a consistent period of time, these two programs will work hand in hand to drive degree completion at universities in Texas.

Similarly, community and technical colleges have suggested a separate funding stream in addition to their base funding to incent better outcomes. Again, the state's fiscal environment makes such an approach unrealistic at this time. In order to shift the focus of community and technical colleges to student progress towards success, the Coordinating Board believes the 10 percent funding threshold is a modest approach that helps move the state in that direction.

Everyone agrees we must do better in terms of student success. But are we doing too much, too fast and putting institutions in fiscal jeopardy?

The Coordinating Board has listened closely to institutions throughout this process. One concern raised repeatedly was regarding the pace of implementation. Institutions feared that the change in methodologies indeed represent a major change in the way institutions do business, which may have fiscal repercussions. For this reason, the Coordinating Board agreed to include in its recommendation a phase-in of the new methodology for universities over four years, at a rate of 25% per fiscal year. For example, in Year 1, only 25% of a university's funding will be based on course completion, while 75% would be based on initial enrollments. The amounts would shift by 25% each year until they reach 100% funding on course completion by Year 4. Additionally, the Coordinating Board has agreed to include in its recommendation a delay in implementation of the community and technical college Momentum Points methodology until the final year of the next biennium. Both of these changes would allow institutions an opportunity to adjust their policies and practices accordingly.