Minutes

Attendees: Dr. Allen Clark, Ms. B.J. Crain, Dr. F. Dominic Dottavio, Dr. Martha Hilley, Dr. Edward T. Hugetz, Dr. Rodney H. Mabry, Mr. Jim McShan, Dr. Perry Moore, Dr. Marc A. Nigliazzo, Dr. John Opperman, Dr. Paula M. Short, and Ms. Cynthia V. Villa

Absent: Mr. Martin V. Baylor, Dr. Dana L. Gibson, and Dr. Robert Neely.

Staff: Dr. David Gardner, Ms. Susan Brown, Mr. Gary Johnstone, Mr. Thomas Keaton, and Mr. Paul Turcotte

I. The meeting was called to order at 1:05 p.m.

II. The minutes from the meetings on December 4, 2013, and February 20, 2014, were reviewed and unanimously approved by nomination from Ms. Crain and second from Ms. Hilley.

III. The committee discussed, reviewed, and considered the Commissioner’s 2016-2017 Biennium charges.

   a. The chair opened the floor for considerations on changing any of the approved recommendations for charges 2 and 3, which were previously voted into the report. No changes were recommended.

   b. Mr. Turcotte presented OBF option 22 with FY 2013 data.

   c. The chair noted the model appears stable with minimal shifts with the annual update. He caveated that additional years will truly indicate the stability of the model, but as with many of the currently funded formulae, the model will be adjusted over the years to correct for any significant anomalies.

   d. The committee discussed concerns of the model being a one-size-fits-all approach. Efforts were made to modify the last proposed model and address the legislature’s concerns by adding an additional variable to allow institutions to determine how much each metric influenced their points generation.

   e. Members were concerned option 22 put too little weight on the primary metric of Total Undergraduate Degrees. The chair pointed out that while the primary metric was scaled at one, the other metrics based on the primary metric (per graduation rate, per 100 FTSE, and At-Risk degrees) are significantly scaled to the point the total dollars funded by the metrics account for two-thirds of the total funded. Members revisited the use of accountability groups to weight the metrics and recalled the associated redistribution was too high.

   f. Members voiced concerns that option 22 did not adequately address mission or student characteristics. It was noted that scaling and individually weighting the model were included to address this issue, the model was easier to follow without
those inclusions, and if they do not meet the need, a consideration to return the option 1 should be addressed. The majority felt the progress met the need better than any other working option presented. Additionally, members noted that at the undergraduate level, institution mission does not vary that much — it is primarily the mission of teaching. The real variance is in student characteristics, which data to define these variances adequately have yet to be available. Dr. Gardner referred to a study done to compare completions with percent of Pell recipients and percent of student graduating in the top 10 percent of their high school class as yielding a good way to account for variation in graduation rates for student characteristics — this data is currently available. Members agreed socio-economic characteristics are the most significant factor when considering the likelihood of a student succeeding — the current at-risk metric identifies students with below average SAT/ACT scores and Pell recipients as At-Risk. The chair pointed out the workgroup heavily addressed the makeup of the at-risk metric last session. The efforts did not yield a change in the metric. Members requested a note be included in the recommendation on the unreliability of the data currently being used to define students’ characteristics.

g. Members noted, when compared to the instruction and operation model, larger institutions perform better than smaller institutions. Staff noted that this will often be the case when comparing to a cost weighted model as the option does not include that metric. However, when comparing by funding per degree or per FTSE, the larger institutions do not perform any better than the others as a group do.

h. Members noted institutions would need to set weights now that may remain in place for up to six years (to be determined by future advisory committees). This leaves the institutions at risk of not realizing which metrics will be most improved and potentially suffering from erroneously weighting metrics. The chair noted that this model represented an additional 10 percent on top of their current undergraduate instruction and operations funding. Everyone’s proceeds from this model are gains as the funding is in addition to the other formula recommendations. It was noted that the sum of the variances of option 22 to the current undergraduate instruction and operations allocation total $9 million or 4 percent of the proposed $235 million.

i. Dr. Short and Dr. Hugetz proposed, as an alternative to Option 22, institutions be permitted to select their own metrics and associated targets, which they would be funded based on their achievement of those targets.

j. The committee considered the proposal and the impacts of spending the next few months to define the models. While the committee appreciated how the proposal could fully encompass institution mission or student characteristic differences between the 38 institutions, the majority were concerned with the unpredictability of a model with the many different metrics. Additionally, there were concerns about the THECB or the Legislature setting the target for each metric at an attainable level. Members questioned the metrics institutions would include in this model that were not in option 22. Members liked the idea but saw it as too idealistic and a bit impractical and elected not to move on it at this time.

k. The chair defined the potential motions:
   i. Move to recommend option 22 with caveats.
   ii. Move to recommend working Dr. Short and Dr. Hugetz proposal.
iii. Move to recommend delaying developing the new proposal until the next round of committee meetings in two years.

iv. Move to abstain from making an outcomes-based funding recommendation.

l. The chair invited members to present any additional motions; none were presented.

m. The committee concurred the option four was a poor choice. There were concerns with options two and three relating to not concluding the meeting today in time to present to the THECB or potentially having a second outcomes-based proposal being considered by stakeholders, which had not been reviewed by this committee.

n. Dr. Dottavio moved to recommend option 22 with the caveat that it be noted the student characteristic data currently available is not as reliable as the committee would like to see. The committee recommends that the THECB staff study this issue and make recommendations to the 2015 GAIFAC for potential improvements to the model. Ms. Crain seconded the motion. The committee approved option 22 as the committee’s outcomes-based funding recommendation with a seven to three vote. All members present except Dr. Hugetz, Dr. Short, and Mr. McShan voted for the recommendation.

o. Members agreed to circulate the final report via email for final approval.

IV. The meeting was adjourned at 2:20 p.m.