60x30TX Graduation Bonus

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60x30TX: Texas Bold, Texas Achievable, but...
Texas will not achieve 60x30TX goals by doing business as usual

- Reaching the 60x30TX completion goal of graduating 550,000 students per year in 2030 will require Texas institutions to increase completions by 65% from current numbers.
- We must increase success with economically disadvantaged, Hispanic, African American and male students.
- Institutions are making gains – some dramatically so.
  - UTSA has increased their six-year graduation rate by 21 percentage points since 2002.
- But these gains must be reinforced by state policies that promote increasing certificate and degree completions.
Performance funding is already working in Texas

**Student Success Point Funding at Community Colleges**
- Based on students reaching success milestones
- Degrees and certificates awarded, including critical fields, are up **20 percent** since FY2014

**Returned Value Formula at Texas State Technical Colleges**
- Based on wages earned by students when they leave the Texas State Technical College System
- Value added has increased **24 percent** since FY 2014
Many states have adopted performance-based funding models to align with state goals and priorities.
Background: The **60x30TX Graduation Bonus**

- Model was developed by Coordinating Board and public university representatives on the Formula Advisory Committee.
- Board recommends that $160 million in FY20-21 be dedicated to the Graduation Bonus, regardless of overall funding.
  - Equates to about 3% of total formula funding.
- Board recommends that the Graduation Bonus be integrated into the Instruction and Operations (I&O) Formula in the introduced GAA.
  - Important to firmly institutionalize as a long-term structural component of universities’ funding.
The **60x30TX Graduation Bonus** metrics

- Institutions receive funding based on two metrics:
  - $500 for each not “at-risk” graduate
  - $1,000 for each “at-risk” graduate
- “At-risk” is defined as being either economically disadvantaged or academically underprepared.
  - About two-thirds of undergraduates are “at-risk”
  - The additional funding for “at-risk” recognizes that these students require more services to continue and complete.
- The foundational mission of all universities is to help their students achieve a degree.
**60x30TX Graduation Bonus Example Scenario**

**KEY POINTS**
- Institutions that make **student success a priority** will **grow their funding** under the proposed **60x30TX Graduation Bonus**
- But legislative appropriations have the biggest impact on funding

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**Graduation Bonus in Effect FY 2020-21**
**Composite Example: “University X”**

<table>
<thead>
<tr>
<th>Assumptions:</th>
<th>LEVEL FUNDING</th>
<th>THECB Recommended Funding Level</th>
<th>THECB Recommended Funding Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Enrollment held level for all institutions</td>
<td>• 8% increase at-risk</td>
<td>• No graduate increases</td>
<td>• 8% increase at-risk</td>
</tr>
<tr>
<td>- Increase based on I&amp;O as appropriated in FY18-19</td>
<td>• 6% increase non-at-risk</td>
<td>• 6% increase non-at-risk</td>
<td></td>
</tr>
<tr>
<td>I&amp;O: $101,477,703</td>
<td>Grad: $4,517,768</td>
<td>Increase: $312,589</td>
<td>I&amp;O: $110,315,002</td>
</tr>
<tr>
<td>Grad: $4,517,768</td>
<td>I&amp;O: $110,315,002</td>
<td>Grad: $4,196,926</td>
<td>Grad: $4,517,768</td>
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<tr>
<td>Increase: $312,589</td>
<td>Increase: $8,826,869</td>
<td>Increase: $9,147,711</td>
<td></td>
</tr>
</tbody>
</table>
Additional Considerations

Performance funding is as variable as enrollment-based funding

- Some have expressed that the enrollment-based formula is more stable or predictable, and easier for universities to budget for.
- An institutions’ allocation under the current formula already varies biennia-to-biennia based on weighted enrollments relative to all other institutions.
- Basing a portion of funding on graduations is no more variable.
- By far the biggest driver in an institutions’ formula funding is the overall amount of funding provided by the Legislature.
Additional Considerations

Some are concerned that institutions will raise admissions standards or otherwise limit their student population to those most likely to graduate.

However, funding will continue to be largely enrollment-based and the majority of students in the K-12 pipeline are at-risk.

The double reward for at-risk students strongly incentivizes institutions to admit, retain and graduate this population.

Effective strategies exist to increase completion among current students:

- Using predictive analytics to target interventions
- Intrusive academic advising and mentoring
The Graduation Bonus should be integrated as a structural component of the formula.

✓ The Coordinating Board strongly supports increased formula funding for universities in the FY20-21 biennium to reflect inflation, enrollment growth and an additional $160 million for the Graduation Bonus.

✓ However, whatever formula amount the Legislature provides, the Graduation Bonus should be funded at $160 million to realign institutional incentives with the state’s 60x30TX goal for completion.

✓ Integrating Graduation Bonus in the formula (as with Success Points) will assure institutions that investments in student success now will have long-term funding impacts.

✓ Recommend including in the introduced GAA.
Overview: 60x30TX Graduation Bonus Recommendation

- **Embed** the Graduation Bonus into the I&O formula in the base appropriations bill.
- **Dedicate $160 million** to the Graduation Bonus regardless of overall funding.
- **Incentivize graduation of at-risk and academically underprepared students** at double the rate ($1,000) of not at-risk students.