

# **60x30TX Graduation Bonus**

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Texas Higher Education  
Coordinating Board

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# 60x30TX: Texas Bold, Texas Achievable, but. . .



## 60x30

**Educated Population**



**Completion**



**Marketable  
Skills**



**Student  
Debt**

# 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

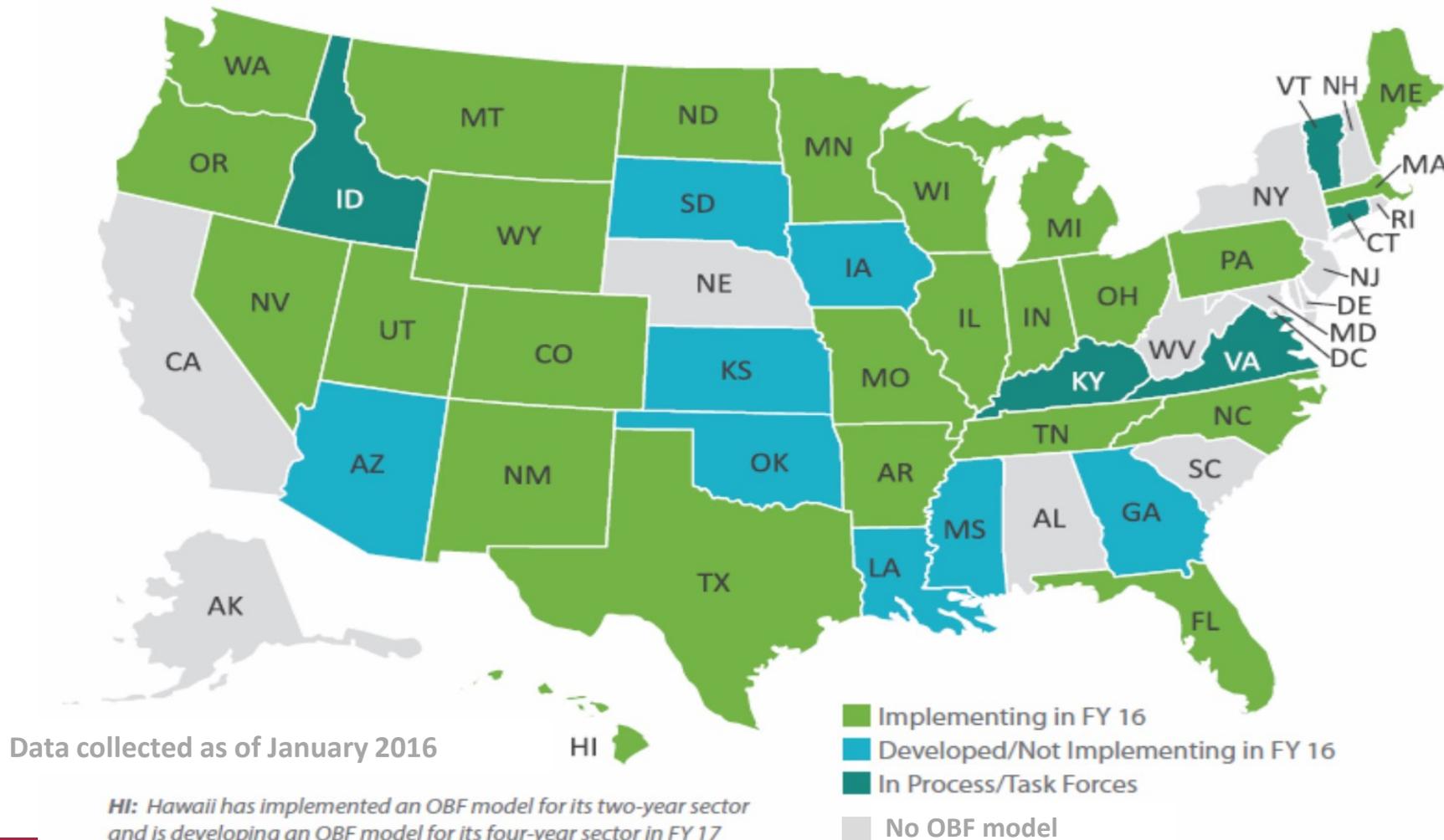
- ✓ Based on **students reaching success milestones**
- ✓ **Degrees and certificates awarded**, including **critical fields**, are up **20 percent** since FY2014



## 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



*HI: Hawaii has implemented an OBF model for its two-year sector and is developing an OBF model for its four-year sector in FY 17*  
*AR: Arkansas has implemented a Type III OBF model and has formed a work group to develop a more advanced OBF model*

## 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

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

Assumptions:	LEVEL FUNDING	THECB Recommended Funding Level	THECB Recommended Funding Level
<ul style="list-style-type: none"> <li>➤ Enrollment held level for all institutions</li> <li>➤ Increase based on I&amp;O as appropriated in FY18-19</li> </ul>	<ul style="list-style-type: none"> <li>• 8% increase at-risk</li> <li>• 6% increase non-at-risk</li> </ul> <p>I&amp;O: \$101,477,703 Grad: \$4,517,768 <b>Increase: \$312,589</b></p>	<ul style="list-style-type: none"> <li>• No graduate increases</li> </ul> <p>I&amp;O: \$110,315,002 Grad: \$4,196,926 <b>Increase: \$8,826,869</b></p>	<ul style="list-style-type: none"> <li>• 8% increase at-risk</li> <li>• 6% increase non-at-risk</li> </ul> <p>I&amp;O: \$110,315,002 Grad: \$4,517,768 <b>Increase: \$9,147,711</b></p>

# 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

## Institutions can increase their funding with their existing student population

- ✓ 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**