Texas Higher Education Coordinating Board

Interim Charge # 1:

Funding incentive structures to support statewide needs and increase the number of graduates

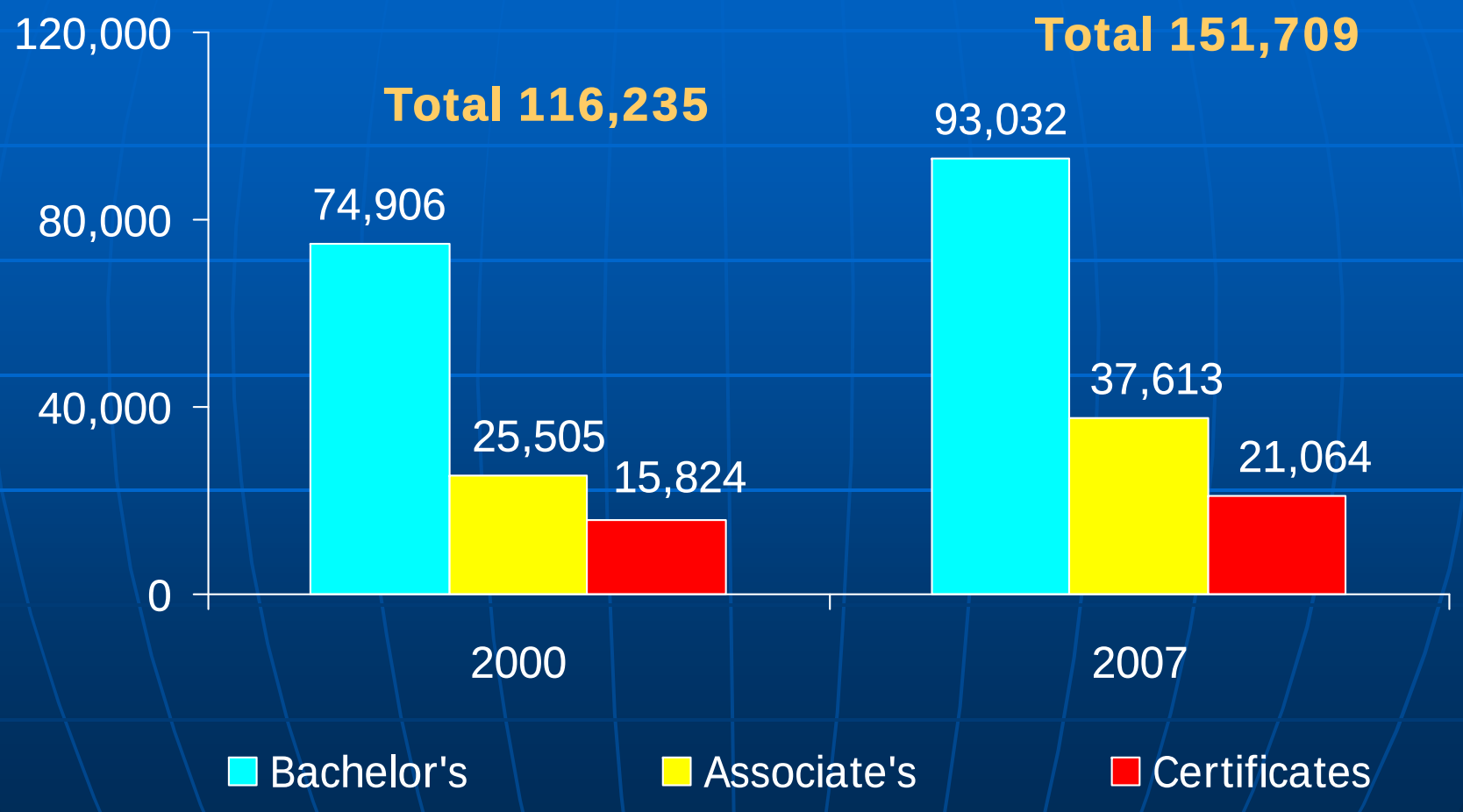
Presentation for:
Senate Subcommittee on Higher Education &
Senate Finance Higher Education Subcommittee

June 25, 2008

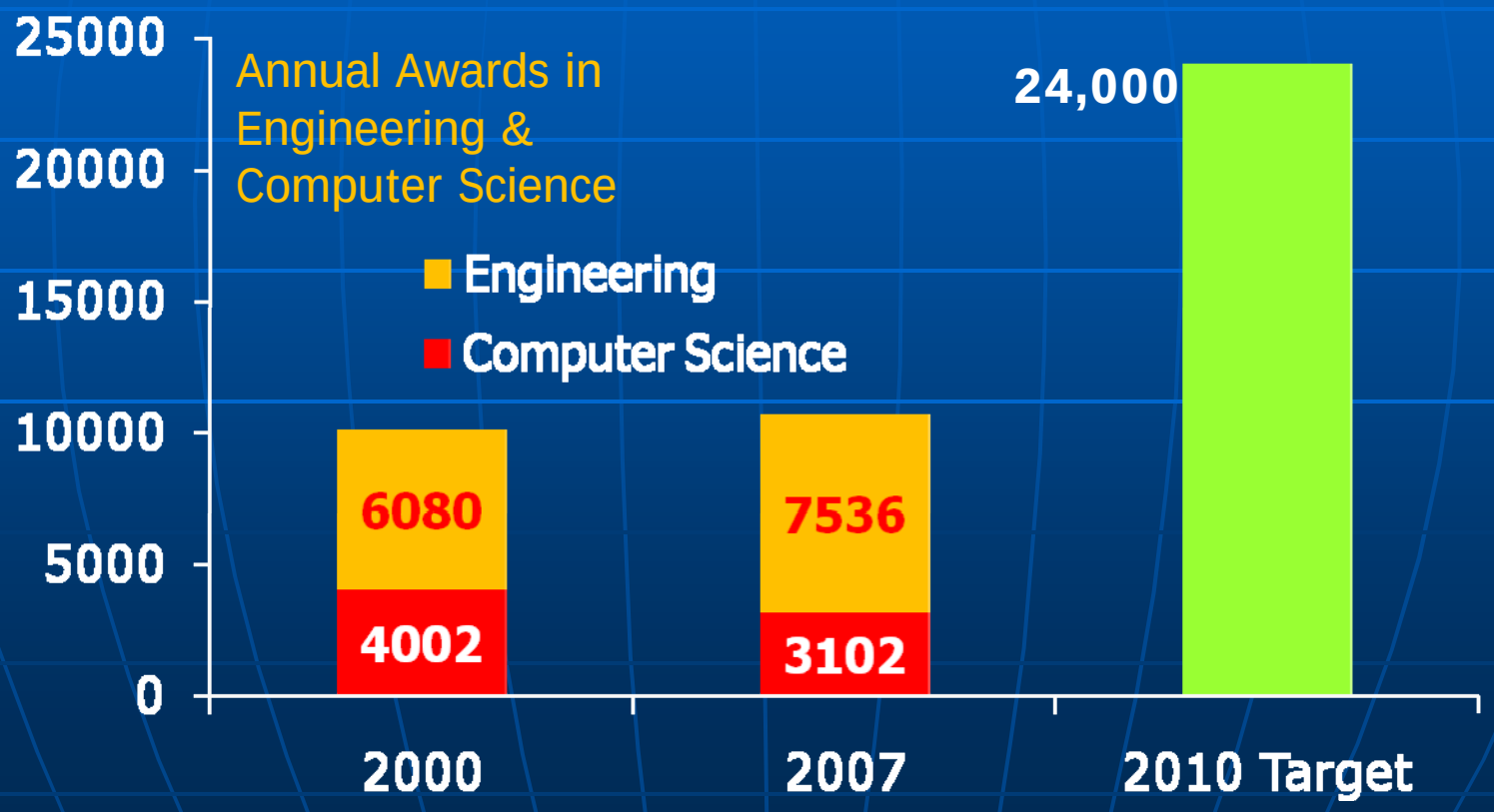
Texas has realized impressive results in terms of improving graduation rates...

Graduation Rate	FY 1999	FY 2006
4-Year	19.9%	25.1%
5-Year	39.7%	47.4%
6-Year	49.2%	57.2%
Graduation & Persistence	63.5%	70.6%
Transfers' Grad Rate	49.3%	52.5%
Students Receiving Pell	25.7%	30.6%

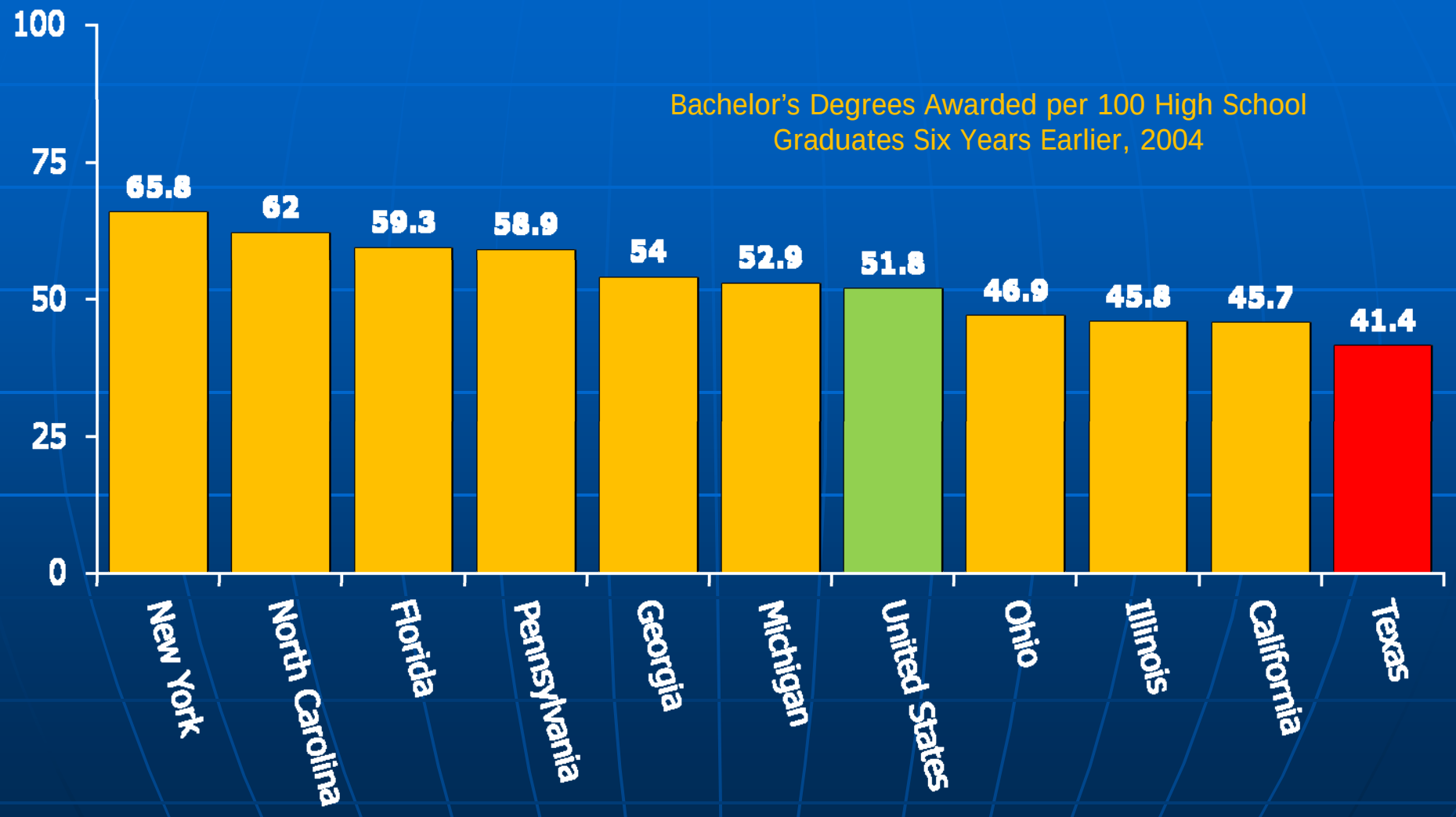
...and other success measures such as degrees and certificates awarded.



Texas has ongoing statewide shortages in critical technology fields that drive the new economy



...and Texas continues to face challenges in producing educational outcomes compared to peers



Source: NCES-IPEDS Completions Survey, WICHE

Shifting focus from inputs to outputs

Looking forward, the Coordinating Board has concluded the following:

- **Significant and sustained commitment** of state resources is critical for the second phase of *Closing the Gaps*, and to assure higher education is accessible to lower- and middle-income students; and

- Investment in higher education without clearly defined **metrics** and **measurable outcomes** is no longer an appropriate model in a fiscal environment constrained by limited resources.

Shifting focus from inputs to outputs

- Shift focus of funding for institutions from **attempted** semester credit or contact hours to **completed** semester credit or contact hours.

- Provide **performance-based** funding to reward degrees and other educational outcomes.

Shifting focus from inputs to outputs

Performance Funding

Source:
Formula Funding

Methodology:
Degrees Awarded

Incentive Funding

Source:
Separate Appropriation

Methodology:
Improvement in key educational outcomes

Outcomes:

- ✓ **Increase at-risk graduates**
- ✓ **Increase total graduates**
- ✓ **Increase critical field graduates**

Performance Funding

Allocated to institutions for degrees awarded based on three-year average:

- ✓ Rewards all degrees and certificates regardless of timeframe achieved or where student originated
- ✓ Encourages institutions to bolster retention and advising programs to assure educational outcomes
- ✓ Funded via formula funding appropriations

Recommended Appropriation for 2010-11:

- General Academic Teaching Institutions: $178 million
- Community and Technical Colleges: $100 million

Incentive Funding

Initiative created by the 80th Texas Legislature. Directed Coordinating Board to develop methodology, in conjunction with Governor's office, to allocate $100 million in FY 2009:

- ✓ Allocated to institutions for improvements in degrees awarded weighted for **critical fields** and **at-risk students**
- ✓ Rewards institutions that graduate more transfer students
- ✓ Encourages institutions to bolster advising and tutoring programs to assure more at-risk students achieve
- ✓ Funded via separate appropriation

Current Appropriation:

- General Academic Teaching Institutions: $100 million