Communicating Funding Formulas to Stakeholders

Marjorie Barrett

Assistant Commissioner for Communications Texas Higher Education Coordinating Board

Catcher Baden

Associate Vice President for State Relations Arizona Board of Regents

Russell VanZomeren

Senior Director of Fiscal Policy Tennessee Higher Education Commission

Jessica Duren

Strategic Communications Director SHEEO



Communities of Practice: Connecting Funding Formulas to State Goals Using Postsecondary Data

STATE HIGHER EDUCATION EXECUTIVE OFFICERS ASSOCIATION

Higher Education in the Headlines...

Texas Adopts 'Outcome-Centered' Community College Funding Plan with \$2.2B Over Next Two Years

By Lance Murray June 12, 2023



As demand for skilled workers rises in Texas, work-based educational programs see a resurgence

By Maria Mendez June 27, 2023



88th Texas Legislature makes historic investments in higher ed

By Odessa American June 2, 2023



Research ties with Texas get a boost

By Rachel Lin June 4, 2023



Gov. Greg Abbott signs bill to help boost semiconductor industry in Texas

By Kara Carlson June 10, 2023

Austin American-Statesman

Texas' \$4B investment fund for colleges such as UH, Texas Tech to be decided by voters in November

By Samantha Ketterer June 23, 2023



Texas Higher Education

Community College Finance

Overview

With the passage of House Bill 8 in 2023, Texas is transforming the way it funds community colleges. Texas is moving away from a static system tied primarily to students' time in class to a modern and dynamic outcomes-based formula that reflects the needs of our world-class economy. For the first time, we will support community colleges based on specific goals aligned with our state's higher education strategic plan, <u>Building a Talent Strong Texas</u>, as well as regional and state workforce needs.

The outcomes driving this new model include:

- the number of high school students who complete 15 semester credit.
- · community college students who transfer successfully to public four
- · and community college students who earn credentials of value, wh



Texas Higher Education About Y Our Work Y Explore our Data Y Meetings & Events Y Media & Government Relation ORDINATING BOAR The Big Picture **FY 24 Formulas** Because of the passage of House Bill 8 (HB 8). Texas community colleges will now receive state funding primarily through Download full formula funding runs an outcomes-based model that is aligned with state higher education goals in Building a Talent Strong Texas and regional and state workforce needs. HB 8 establishes a new funding model through which colleges receive a majority of their state unding through a formula based on measurable, student-focused outcomes and data. Contact 'his innovative financing model is among the first of its kind in the nation, transforming Texas community college funding Inquiries regarding the formula funding models should be from a static allocation system tied to a student's time in the classroom to a dynamic funding formula designed to educate sent to Chris Fernandez, Senior Director of State Funding. and train Texans for the workforce of the future. By focusing on outcomes, this system rewards colleges for equipping more Texans with the knowledge skills and experiences they need to enter the labor market and maintain our state's economic competitiveness This model also ensures colleges have access to the resources they need to support their core educational functions while Inquiries regarding data reporting and submission developing new academic and workforce education opportunities. Every college will receive specific performance tier requirements should be sent to Melissa Humphries. Deputy funding based on the fundable outcomes achieved by their students. A subset of colleges will be eligible for additional Assistant Commissioner of Research and Analysis. base tier funding, which is based on the availability of local resources. See the new dynamic funding model and the full list of corresponding formula runs for Fiscal Year 2024 on the THECB website, Please note the formula, funding amounts, and definitions remain in draft form until the August 22 Texas Highe Education Coordinating Board (THECB) board meeting, where the board of the THECB (Board) will consider and adopt emergency rules governing the implementation of the Community College Finance Program. The Board also plans to adopt final rules in January for Fiscal Year (FY) 2024 and final rules in April 2024 for FY 2025. Read more about the updates for base and performance tier funding models below

Online Resources

More information about community college finance and HB8 implementation is available on THECB's website including:

- Formula funding: definitions and calculations
- Draft FY24 formula runs for all community colleges
- Rule-making timeline
- FAQs
- THECB contact information

https://www.highered.texas.gov/community-college-finance

THEC Communicating Funding Formulas to Stakeholders

Who?

Institution Affiliates

- Presidents
- Faculty
- Administrators
- Students

State Stakeholders

- Legislators
- Other Government Agencies

Internal Partners THEC/TSAC Staff

• External Partners

- Local and National Non-profits
- Other States
- Conference presentations
- General public



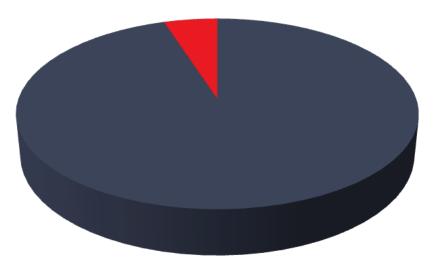
What?

- Overview of Outcomes-Based Funding
- Outcomes Formula Demonstration ETSU
- Tracking the Pipeline Dyersburg State Community College
- Materials and Resources
- Future Considerations



Higher Education Funding Basis

1979-2011



EnrollmentPerformance Funding

Central Tenants:

14-Day Enrollment

Discipline Cost Intensity:

- High: Engineering
- Medium: Physical Sciences
- Low: Mathematics

Base Support per Student:

- Instruction
- Public Service (1% of Inst.)
- Academic Support (12.5%)
- Student Services (20%)
- Institutional Support (10%)

Maintenance & Operation *Performance Funding*



Higher Education Funding Basis

Central Tenants:

Exclusive Use of Outcomes

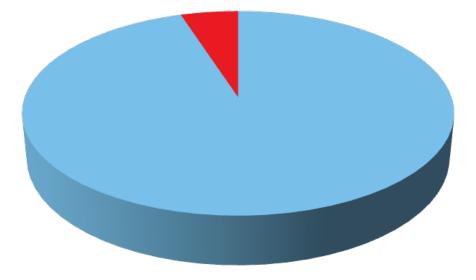
<u>NO</u> Use of Enrollment

Mission-differentiated Weights

Recognition of Focus Populations

Maintenance & Operation

Quality Assurance Funding



2011-Present

Outcomes PerformanceQuality Assurance Funding



Sector-Differentiated Outcomes University Community College

Students Accumulating 30 hours Students Accumulating 60 hours Students Accumulating 90 hours Bachelors and Associates Masters/Ed Specialist Degrees Doctoral / Law Degrees Six-Year Graduation Rate Degrees per 100 FTE Research, Service and Sponsored Programs **Students Accumulating 12 hours Students Accumulating 24 hours Students Accumulating 36 hours Associates 1-2 Year Certificates** <1yr Certificates Dual Enrollment Transfers Out with 12 hours Awards per 100 FTE Job Placements Workforce Training

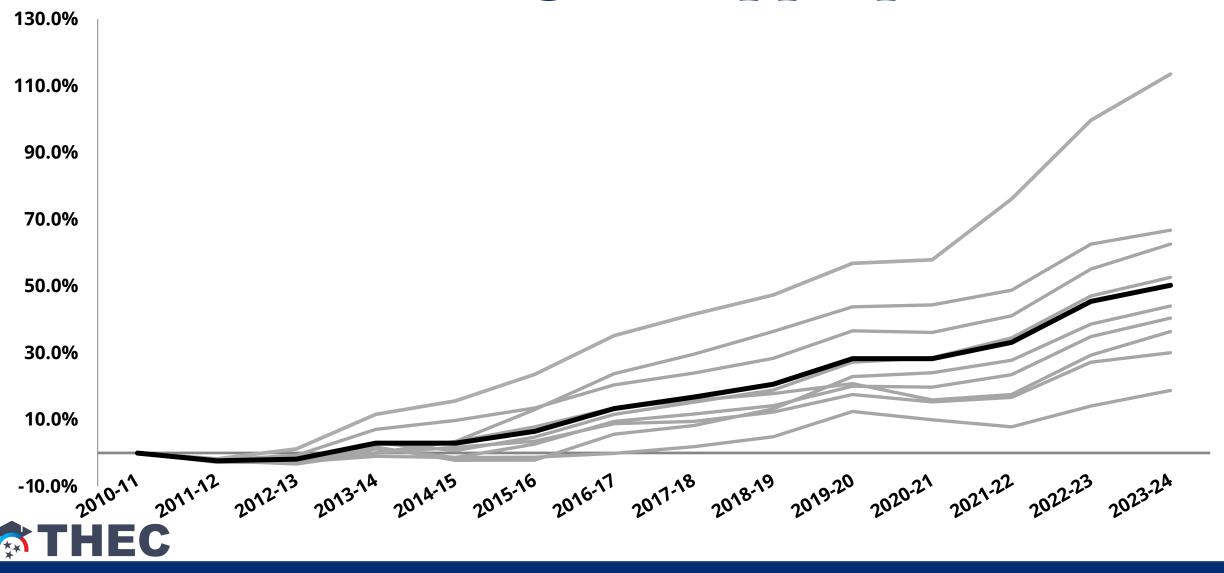


Overview of Focus Populations

Populations Premiums Adult Low-Income 2 3 1 R 4 Academically R Underprepared (CC) 80% 100% 120% 140% *High-Need Fields* R 2 2 1.8 2 2.4 2 1.8 1 2 1 2.2 1.8



Cumulative Change in Appropriations



Outcomes Formula Demonstration East Tennessee State University

Step 1

Identify university outcomes for the formula model

Outcomes
Outcomes
Students Accumulating 30 hrs
Students Accumulating 60 hrs
Students Accumulating 90 hrs
Associate Degrees
Bachelor's Degrees
Masters/Ed Specialist Degrees
Doctoral / Law Degrees
Six-Year Graduation Rate
Degrees per 100 FTE
Research, Service and Sponsored Programs



Outcomes Formula Demonstration East Tennessee State University

		Data +	Scaled	х	Weight	=	Weighted
Outcomes	Data	Premiums	Data	^	Weight	_	Outcomes
Students Accumulating 30 hrs	1,409	1,975	987	Х	4.0%	=	39.49
Students Accumulating 60 hrs	1,592	2,284	1,523	Х	6.0%	=	91.36
Students Accumulating 90 hrs	2,242	3,341	2,672	Х	10.0%	=	267.24
Bachelor's + Associates Degrees	2,609	4,522	4,488	Х	22.5%	=	1,009.70
Masters/Ed Specialist Degrees	702	702	2,341	Х	15.0%	=	351.17
Doctoral / Law Degrees	142	142	2,847	Х	15.0%	=	427.00
Six-Year Graduation Rate	60.3	60.3	3,017	Х	10.0%	=	301.67
Degrees per 100 FTE	26.6	26.6	2,658	Х	7.5%	=	199.34
Research, Service and Sponsored Programs	\$28,601,637	\$28,601,637	1,430	х	10.0%	=	143.01
		Total W	eighted O	utco	me Points		2,830

Fixed Cost Points	313
Quality Assurance Points	151
2023-24 Total Points (Outcomes, Fixed Cost, and QA)	3,294
2022-23 Total Points	3,259
Percent Change from 22-23 to 23-24	1.08%



Share of Outcomes-Based Funding

Institution	2022-23	2023-24
Austin Peay	5.08%	5.22%
East Tennessee	6.64%	6.66%
Middle Tennessee	9.63%	9.54%
Tennessee State	3.63%	3.64%
Tennessee Tech	5.19%	5.20%
Univ. of Memphis	11.50%	11.60%
UT Chattanooga	5.48%	5.44%
UT Knoxville	22.55%	22.79%
UT Martin	3.10%	3.15%
Community Colleges	27.20%	26.76%
	100.0%	100.0%

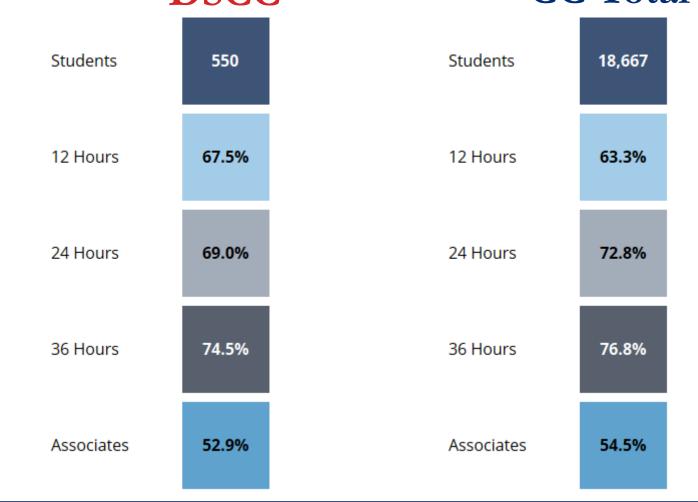


Dyersburg State Community College 2019 Cohort Data

Students	12 Hours	24 Hours	36 Hours	Associates	Certificates	Transfers	No Outcome
550	67.5%	56.4%	43.6%	23.5%	10.9%	14.4%	21.6%



2019 Pipeline Data DSCC & the Community College Sector DSCC C Total





THEC Website Resources

A CONT						希 Go to TN.gov
Tennessee				Search all THEC		Q
Higher Education Commiss	lon				34	
About THEC	eports, Studies, and Publ	ications 🗸 News	and Events 🕶	Contact Us 🕶		₽
Outcomes Based Funding Formula Resources 2015-20 Outcomes Based Funding Formula 2010-15 Outcomes Based Funding Formula	2015-20 Formula		nes Ba	sed Fui	nding	
Statutory Formula Review Committee Meeting	2022-23 Formula 2	021-22 Formula 2	2020-21 Formula	2019-20 Formula	2018-19 Formula	
Research V	2017-18 Formula A	nalysis Backgrour	nd			
	Outcomes Form	s of completing the fir rmula to make the 20 riew during the next fo nula Model (Excel)	ive-year review of 1 022-23 formula re formula cycle.	the funding formula	and in the interim ha	



Materials and Resources to Communicate with Stakeholders

Materials

- <u>Office of Research and Accountability</u>
- THEC Website

Resources

• Formula Demonstrations

Higher Education Commis	ssion				24	
About THEC - Bureaus - Learn About -	Reports, Studies, and I	Publications 👻 N	ews and Events 🗸	Contact Us 🗸		Ð
Dutcomes Based Funding Formula Resources	2015-20 Formu		omes Ba	sed Fu	nding	
tatutory Formula Review Committee Meeting	2022-23 Formula	2021-22 Formula	2020-21 Formula	2019-20 Formula	2018-19 Formula	
Research ~	2022-23 Formula 2020-21 Formula 2019-20 Formula 2018-19 Formula 2017-18 Formula Analysis Background DECOMPTION OF THE Colspan="2">Decomption of the formula and in the interim has continued updates from the five-year review during the next formula cycle. Outcomes Formula Model (Excel) • Outcomes Formula Data (Excel) • November Commission Meeting Agenda (PowerPoint)					



Future Considerations

- Automation
- Visualization
- Communication



When and Where?













Russell VanZomeren

Senior Director, Fiscal Policy russell.vanzomeren@tn.gov (615) 878-0968