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
Gov. Greg Abbott signs bill to help boost semiconductor industry in Texas
By Kara Carlson
June 10, 2023

Research ties with Texas get a boost
By Rachel Lin
June 4, 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

Texas’ $4B investment fund for colleges such as UH, Texas Tech to be decided by voters in November
By Samantha Ketterer
June 23, 2023
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

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
- **NO** Use of Enrollment
- Mission-differentiated Weights
- Recognition of Focus Populations
- Maintenance & Operation
- Quality Assurance Funding

2011-Present

- Outcomes Performance
- Quality Assurance Funding
Sector-Differentiated Outcomes

**University**

- 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

**Community College**

- 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

<table>
<thead>
<tr>
<th>Populations</th>
<th>Premiums</th>
</tr>
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<tbody>
<tr>
<td>Adult</td>
<td>1</td>
</tr>
<tr>
<td>Low-Income</td>
<td>2</td>
</tr>
<tr>
<td>Academically Underprepared (CC)</td>
<td>3</td>
</tr>
<tr>
<td>High-Need Fields</td>
<td>4</td>
</tr>
</tbody>
</table>

2 2 1.8 2 1.8 1 2.4 2 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

<table>
<thead>
<tr>
<th>Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Students Accumulating 30 hrs</td>
</tr>
<tr>
<td>Students Accumulating 60 hrs</td>
</tr>
<tr>
<td>Students Accumulating 90 hrs</td>
</tr>
<tr>
<td>Associate Degrees</td>
</tr>
<tr>
<td>Bachelor's Degrees</td>
</tr>
<tr>
<td>Masters/Ed Specialist Degrees</td>
</tr>
<tr>
<td>Doctoral / Law Degrees</td>
</tr>
<tr>
<td>Six-Year Graduation Rate</td>
</tr>
<tr>
<td>Degrees per 100 FTE</td>
</tr>
<tr>
<td>Research, Service and Sponsored Programs</td>
</tr>
</tbody>
</table>
## Outcomes Formula Demonstration

**East Tennessee State University**

<table>
<thead>
<tr>
<th>Outcomes</th>
<th>Data</th>
<th>Data + Premiums</th>
<th>Scaled Data</th>
<th>Weight (%)</th>
<th>Weighted Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Students Accumulating 30 hrs</td>
<td>1,409</td>
<td>1,975</td>
<td>987</td>
<td>4.0%</td>
<td>39.49</td>
</tr>
<tr>
<td>Students Accumulating 60 hrs</td>
<td>1,592</td>
<td>2,284</td>
<td>1,523</td>
<td>6.0%</td>
<td>91.36</td>
</tr>
<tr>
<td>Students Accumulating 90 hrs</td>
<td>2,242</td>
<td>3,341</td>
<td>2,672</td>
<td>10.0%</td>
<td>267.26</td>
</tr>
<tr>
<td>Bachelor's + Associates Degrees</td>
<td>2,609</td>
<td>4,522</td>
<td>4,488</td>
<td>22.5%</td>
<td>1,009.70</td>
</tr>
<tr>
<td>Masters/Ed Specialist Degrees</td>
<td>702</td>
<td>702</td>
<td>2,341</td>
<td>15.0%</td>
<td>351.17</td>
</tr>
<tr>
<td>Doctoral / Law Degrees</td>
<td>142</td>
<td>142</td>
<td>2,847</td>
<td>15.0%</td>
<td>427.00</td>
</tr>
<tr>
<td>Six-Year Graduation Rate</td>
<td>60.3</td>
<td>60.3</td>
<td>3,017</td>
<td>10.0%</td>
<td>301.67</td>
</tr>
<tr>
<td>Degrees per 100 FTE</td>
<td>26.6</td>
<td>26.6</td>
<td>2,658</td>
<td>7.5%</td>
<td>199.34</td>
</tr>
<tr>
<td>Research, Service and Sponsored Programs</td>
<td>$28,601,637</td>
<td>$28,601,637</td>
<td>1,430</td>
<td>10.0%</td>
<td>143.01</td>
</tr>
</tbody>
</table>

**Total Weighted Outcome Points** = 2,830

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Cost Points</td>
<td>313</td>
</tr>
<tr>
<td>Quality Assurance Points</td>
<td>151</td>
</tr>
</tbody>
</table>

**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%

*Figures are rounded.*
## Share of Outcomes-Based Funding

<table>
<thead>
<tr>
<th>Institution</th>
<th>2022-23</th>
<th>2023-24</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austin Peay</td>
<td>5.08%</td>
<td>5.22%</td>
</tr>
<tr>
<td>East Tennessee</td>
<td>6.64%</td>
<td>6.66%</td>
</tr>
<tr>
<td>Middle Tennessee</td>
<td>9.63%</td>
<td>9.54%</td>
</tr>
<tr>
<td>Tennessee State</td>
<td>3.63%</td>
<td>3.64%</td>
</tr>
<tr>
<td>Tennessee Tech</td>
<td>5.19%</td>
<td>5.20%</td>
</tr>
<tr>
<td>Univ. of Memphis</td>
<td>11.50%</td>
<td>11.60%</td>
</tr>
<tr>
<td>UT Chattanooga</td>
<td>5.48%</td>
<td>5.44%</td>
</tr>
<tr>
<td>UT Knoxville</td>
<td>22.55%</td>
<td>22.79%</td>
</tr>
<tr>
<td>UT Martin</td>
<td>3.10%</td>
<td>3.15%</td>
</tr>
<tr>
<td>Community Colleges</td>
<td>27.20%</td>
<td>26.76%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
Dyersburg State Community College
2019 Cohort Data

<table>
<thead>
<tr>
<th>Students</th>
<th>12 Hours</th>
<th>24 Hours</th>
<th>36 Hours</th>
<th>Associates</th>
<th>Certificates</th>
<th>Transfers</th>
<th>No Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>550</td>
<td>67.5%</td>
<td>56.4%</td>
<td>43.6%</td>
<td>23.5%</td>
<td>10.9%</td>
<td>14.4%</td>
<td>21.6%</td>
</tr>
</tbody>
</table>
2019 Pipeline Data
DSCC & the Community College Sector

<table>
<thead>
<tr>
<th></th>
<th>DSCC</th>
<th>CC Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Students</td>
<td>550</td>
<td>18,667</td>
</tr>
<tr>
<td>12 Hours</td>
<td>67.5%</td>
<td>63.3%</td>
</tr>
<tr>
<td>24 Hours</td>
<td>69.0%</td>
<td>72.8%</td>
</tr>
<tr>
<td>36 Hours</td>
<td>74.5%</td>
<td>76.8%</td>
</tr>
<tr>
<td>Associates</td>
<td>52.9%</td>
<td>54.5%</td>
</tr>
</tbody>
</table>
THEC Website Resources

2015-20 Outcomes Based Funding Formula

2022-23 Outcomes Based Funding Formula

THEC is in the process of completing the five-year review of the funding formula and in the interim has continued to use the 2015-2020 formula to make the 2022-23 formula recommendation. THEC plans to implement updates from the five-year review during the next formula cycle.

- Outcomes Formula Model (Excel)
- Outcomes Formula Data (Excel)
- November Commission Meeting Agenda (PowerPoint)
Materials and Resources to Communicate with Stakeholders

Materials

• Office of Research and Accountability

• THEC Website

Resources

• Formula Demonstrations
Future Considerations

• Automation
• Visualization
• Communication
When and Where?

IT COULD HAPPEN AT ANY TIME ANYWHERE.
It actually does matter.
Russell VanZomeren
Senior Director,
Fiscal Policy
russell.vanzomeren@tn.gov
(615) 878-0968