

Funding Higher Education in Oregon: Linking Funding to Outcomes



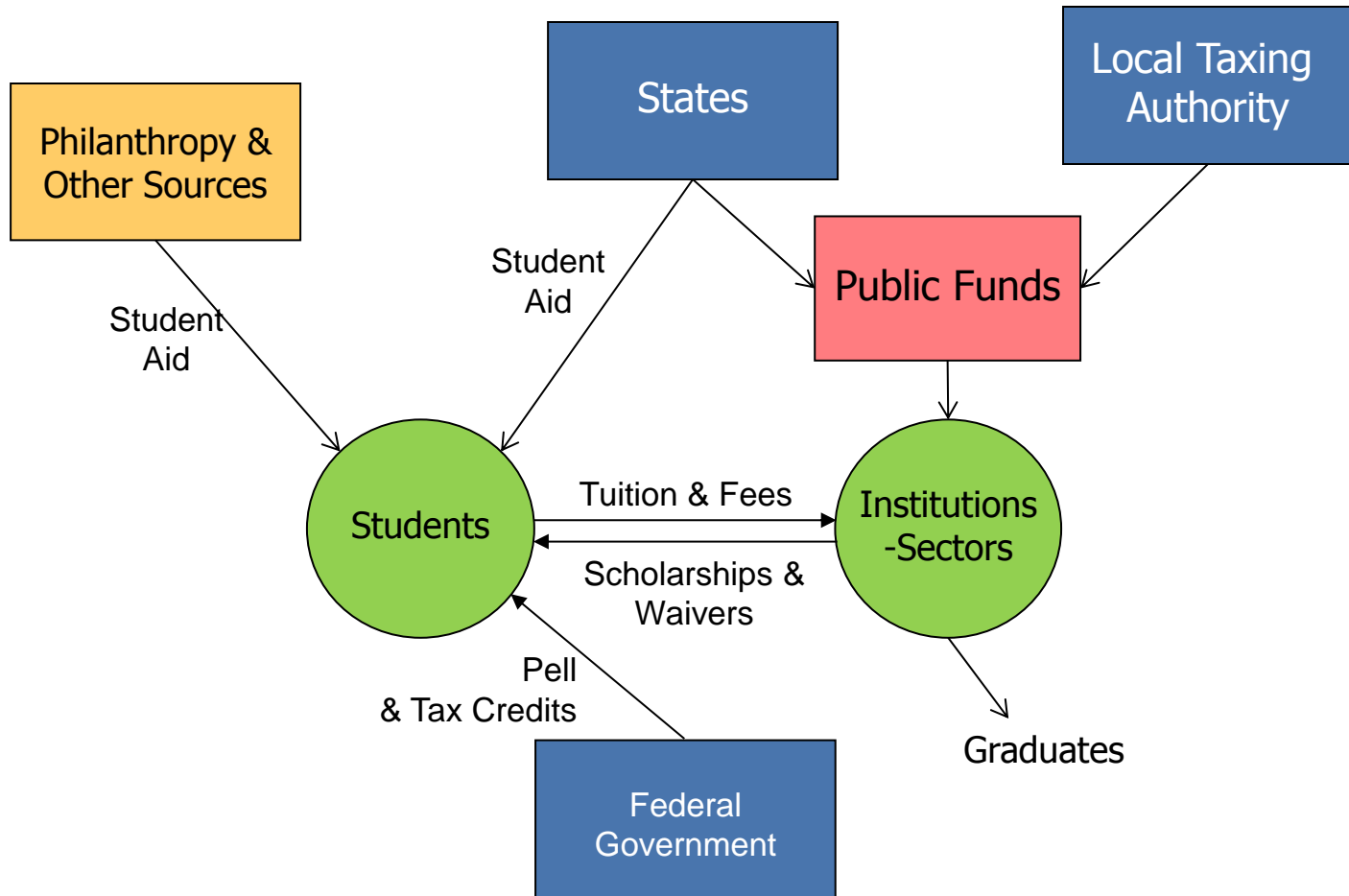
Education Subcommittee of Ways and Means
Salem, Oregon
April 18, 2013



NCHEMS

National Center for Higher Education Management Systems
3035 Center Green Drive, Suite 150
Boulder, Colorado 80301

The Elements of Finance Policy



Oregon Completion and Funding Model

Performance/Policy Levers (to 2025)

College Participation
 High School Graduation
 Traditional College-Going
 Participation of Older Adults

College Completion
 Credentials per FTE (by Sector)
 Additional Certificates

Financial Levers (by Sector)

Tuition and Fees
 Percent of State Appropriations Devoted
 to Educational Activities



More Students Added to the
 System, Increased
 Credential Productivity

More Students Added to the
 System, with Lower Incomes

Institutions Responsible for
 \$ Not Covered by OOG

Annual Funding Obligations

State Funding by Sector (for
 Educational Purposes)

OR Opportunity Grant (Minus
 Expected Student Contribution, EFC, and
 Pell – by income quartile)

Institutional Scholarships/Grants

Model Outputs

Performance Needed to Reach 40,
 40, 20 – Additional Credential
 Production

Funding Obligations of the State – for
 Each Sector (Based on Degree
 Production)

State Funding Obligation to OOG –
 to Accommodate New Students at
 Different Income Levels

Institutional Obligation for
 Increased Tuition and Fees

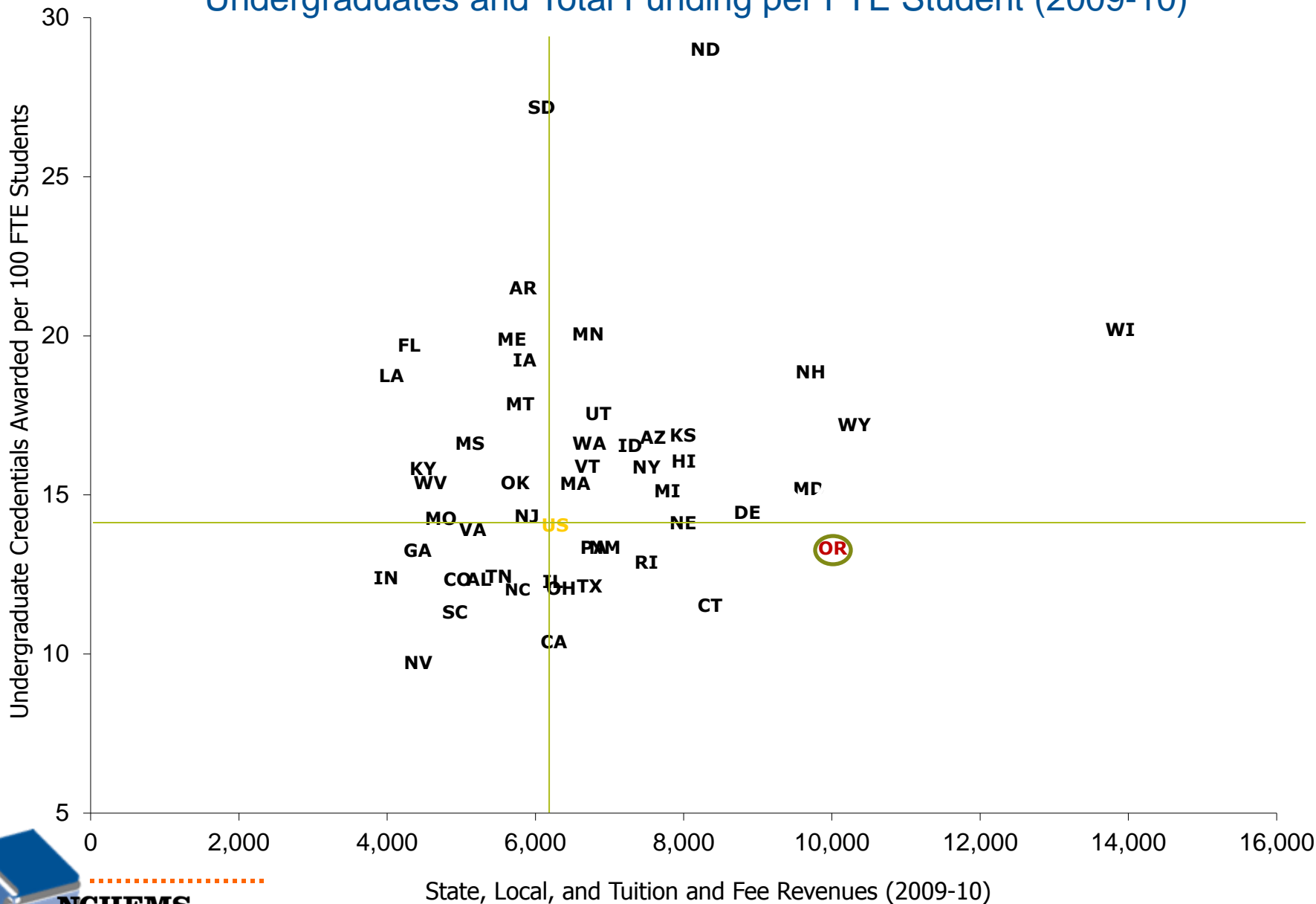
Total Revenues by Sector and
 Category – State Educational and
 Non-Educational, Local, Tuition and
 Fees

Policy Variables in the Equations

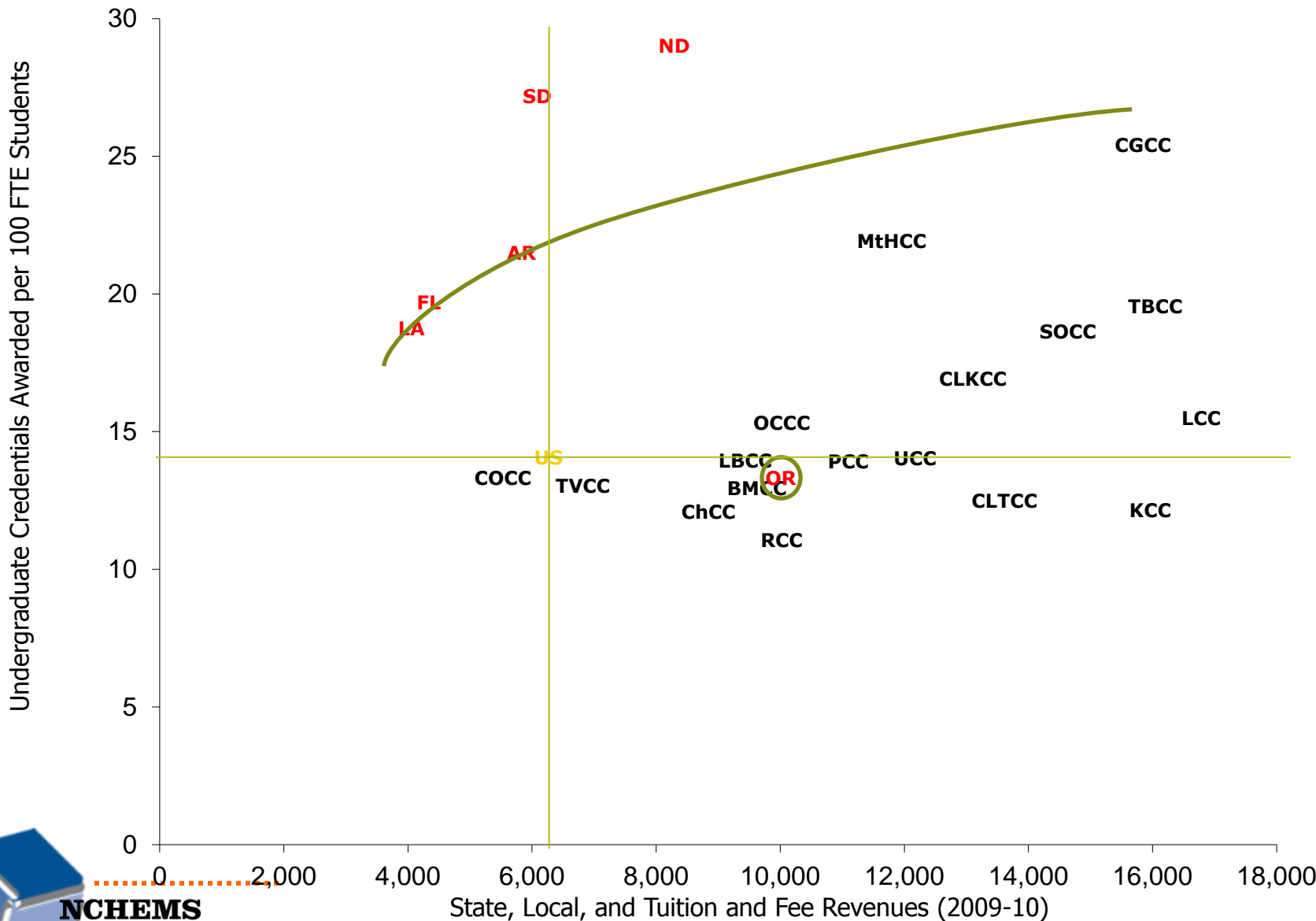
- Target number of completions, by type
- \$/completion (affected by productivity ratios)
- “Agreed upon” tuition – by sector
- Payments for other components of mission

Why Productivity Can Be Factored Into the Calculation

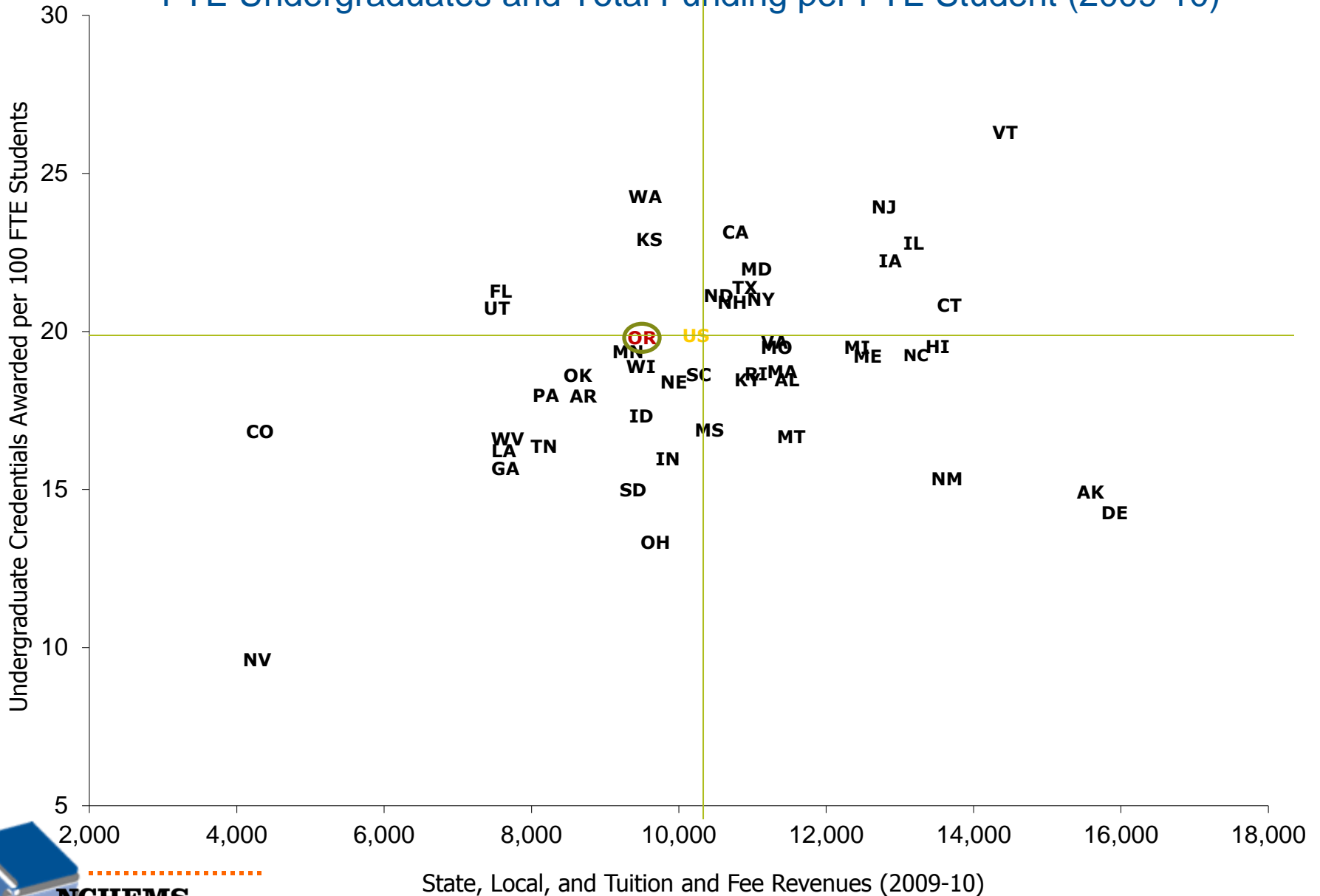
Public Two-Year Institutions: Undergraduate Credentials per 100 FTE Students Undergraduates and Total Funding per FTE Student (2009-10)



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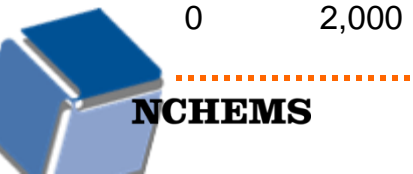
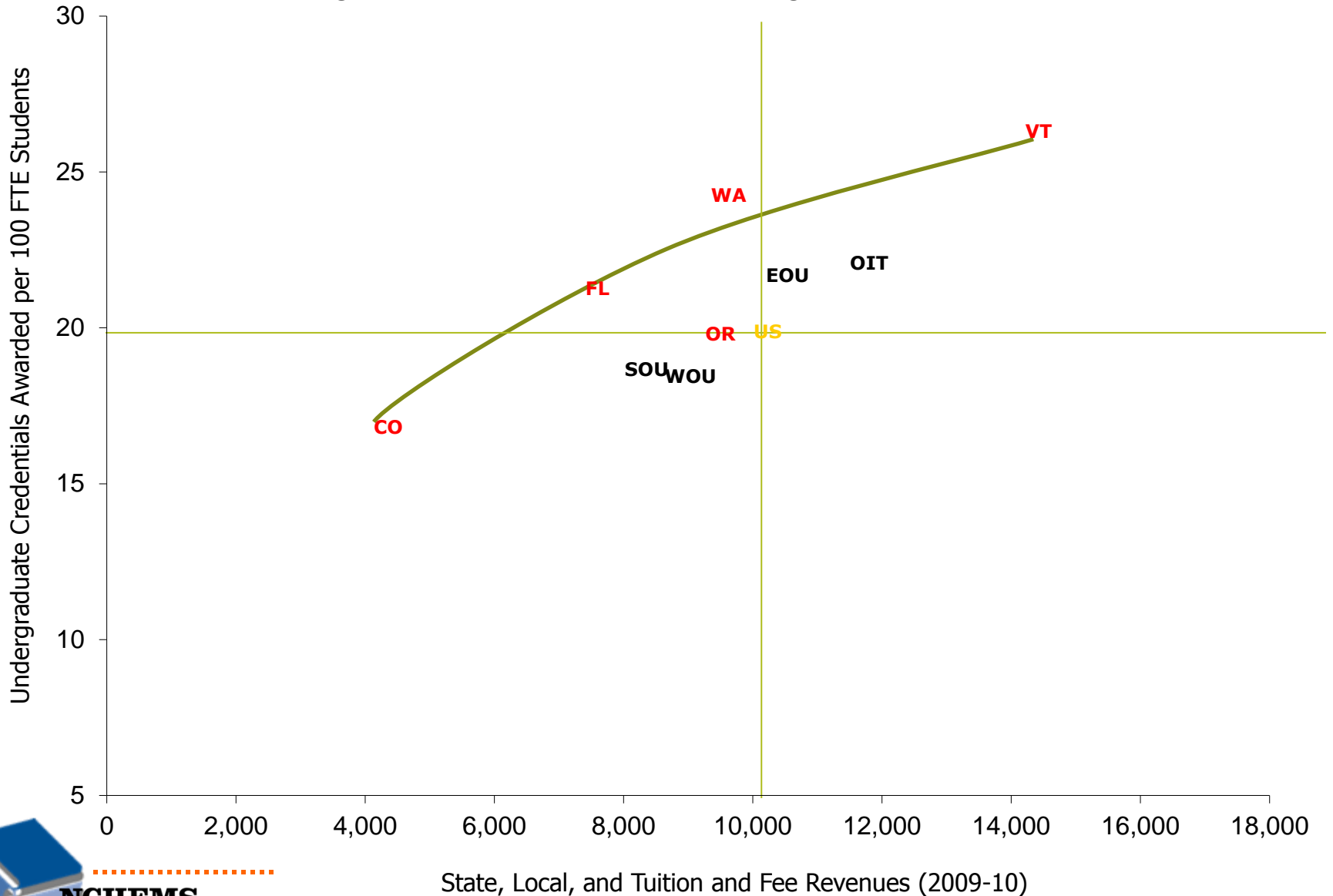


Public Bachelors and Masters Institutions: Undergraduate Credentials per 100 FTE Undergraduates and Total Funding per FTE Student (2009-10)



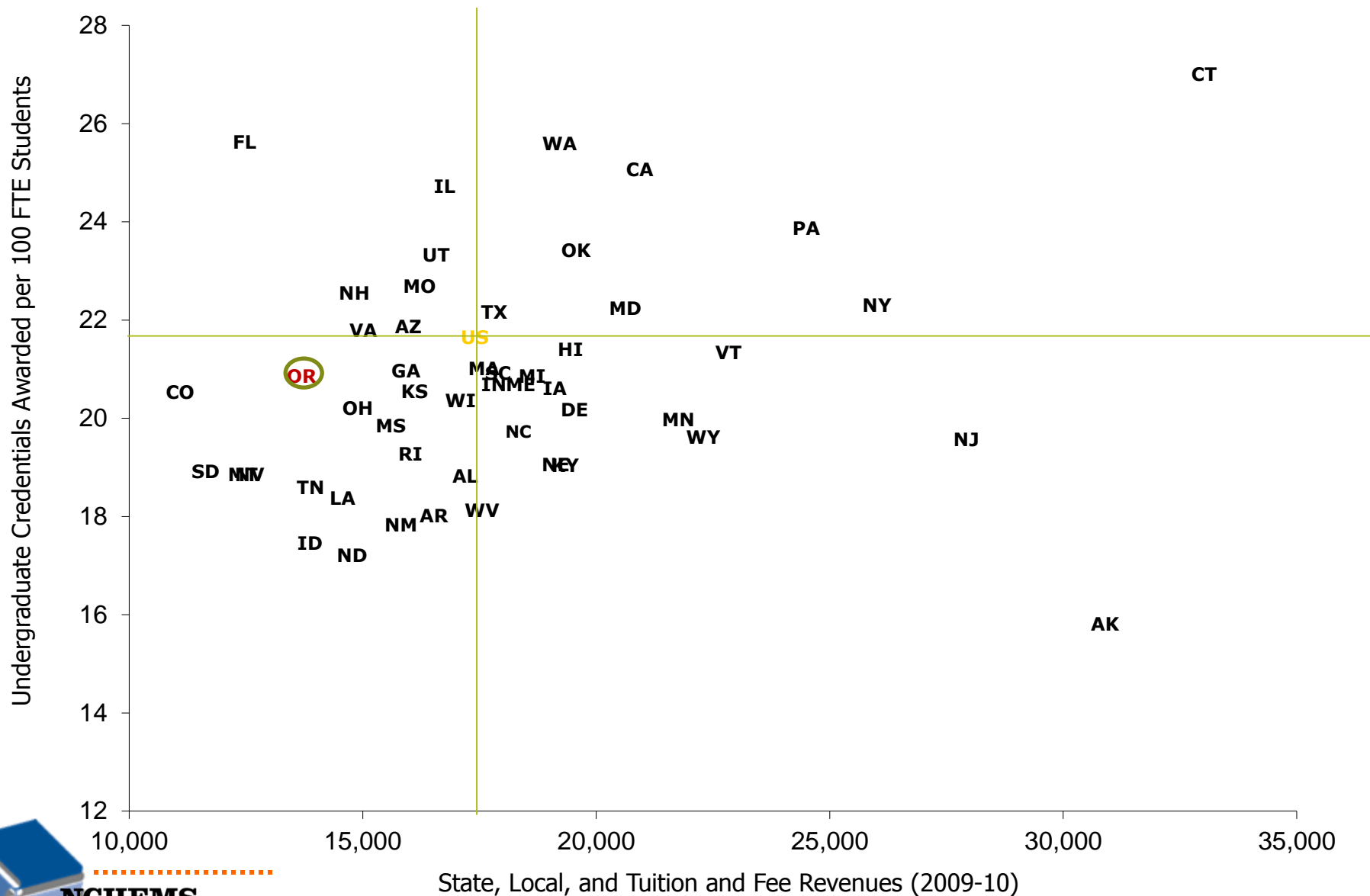


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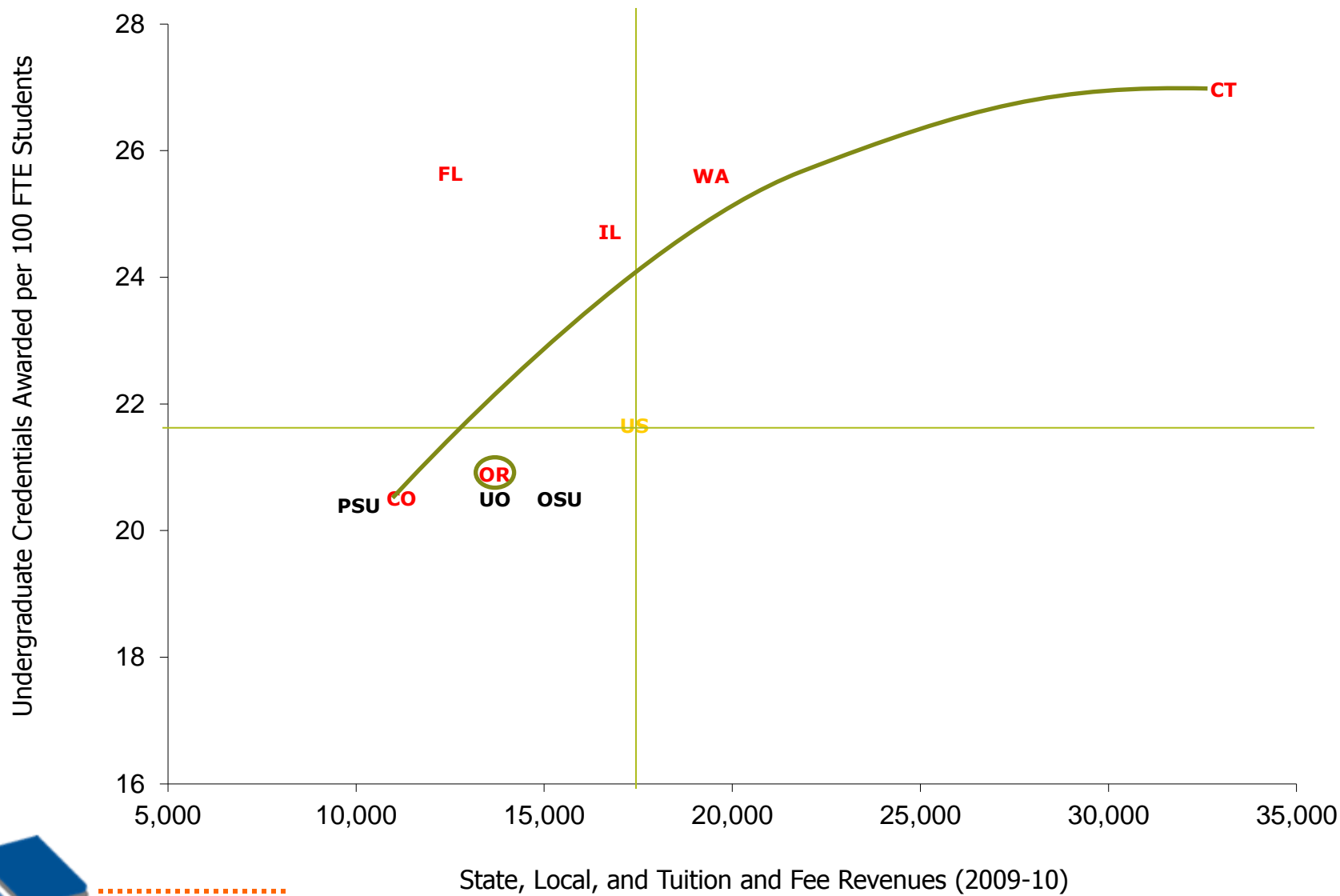


Sources: NCES, IPEDS Completions, Finance, and Enrollments Surveys.

Public Research Institutions: Undergraduate Credentials per 100 FTE Undergraduates and Total Funding per FTE Student (2009-10)



Public Research Institutions: Undergraduate Credentials per 100 FTE Undergraduates and Total Funding per FTE Student (2009-10)





Outcomes-Based Funding in the Community Colleges

Design Principles

1. Get agreement on goals before creating resource allocation model
2. Don't construct metrics too narrowly
3. Design the distribution model to promote mission differentiation
4. Include provisions that reward success in serving underrepresented populations
5. Limit the number of outcomes incorporated into the model
6. Choose metrics that are unambiguous and difficult to game

Implementation Principles

- Make the amount distributed large enough to command attention
- Reward continuous improvement, not attainment of a fixed goal
- Include a phase-in provision
- Incorporate a stop-loss provision to ease implementation
- Utilize in good times and in bad
- Involve institutions at each stage of the process
- Create a mechanism for monitoring effects on quality



Outcomes-Based Funding in the Oregon University System

OUS Outcomes-Based Funding - Design Criteria

Degree Completion

- Degree Completion
 - Baccalaureate degrees awarded to Oregon residents
 - Premium points awarded on the basis of characteristics of recipients – numbers of Oregon residents awarded degrees who are
 - Low income (Pell recipients)
 - Residents of rural counties (an alternative formulation is underserved counties – counties with lowest participation rates in OUS institutions)
 - Underrepresented subpopulations
 - Premium points awarded on basis of type of program
 - STEM
 - Health
 - One field selected by each institution in collaboration with regional economic development officials

OUS Outcomes-Based Funding - Design Criteria

- Seamless system
 - Number of baccalaureate degrees awarded to Oregon residents who transferred from Oregon community colleges with at least 36 quarter hours
 - Number of these community college transfer graduates who graduate with fewer than 210 hours of college credit
 - Number of students getting BAs with fewer than 180 credits taught in college(s)
- Economic development
 - Number of baccalaureate degrees granted to out-of-state residents X ?% - a factor based on analysis of proportion of out-of-state students who stay and work in Oregon
 - Number of graduate degrees awarded (regardless of recipients' state of residence)
 - Research expenditures from restricted funds
 - Revenues from licenses and sales of intellectual property