

Outcomes-Based Funding Task Force



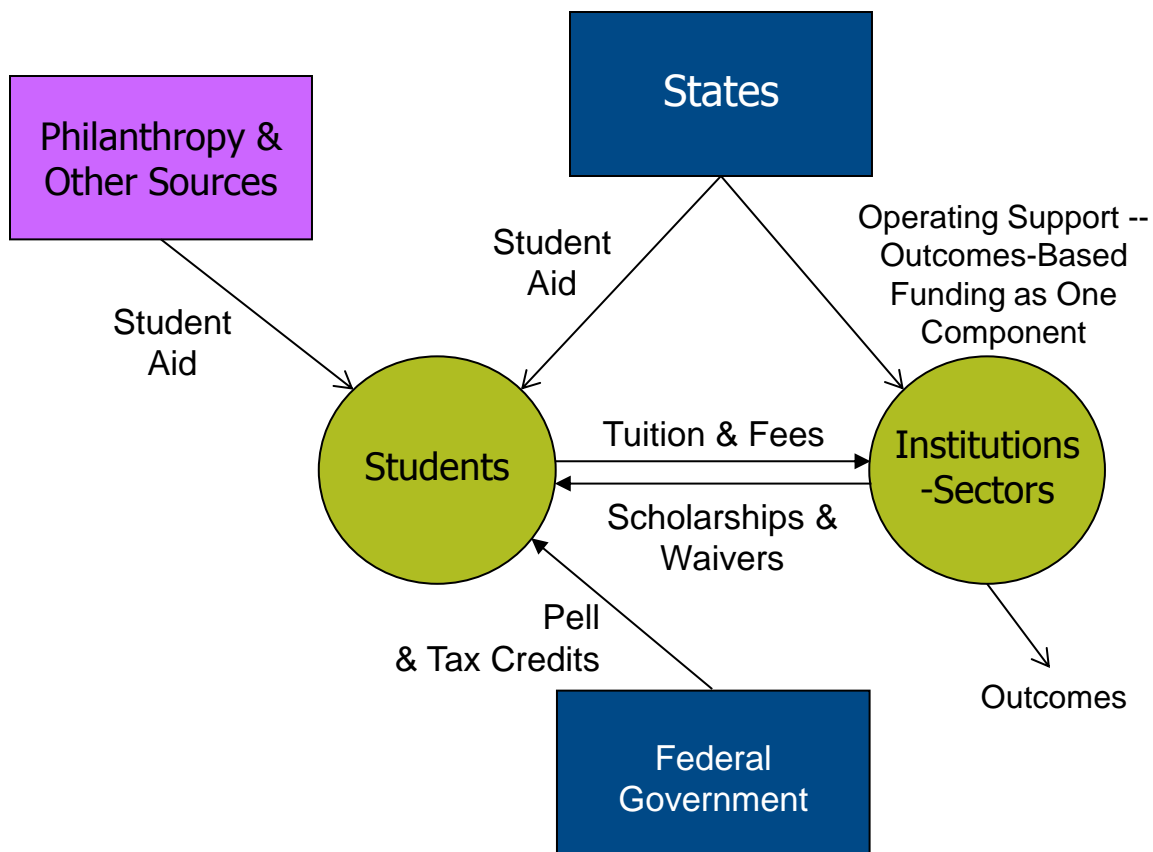
Hartford, Connecticut
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NCHEMS

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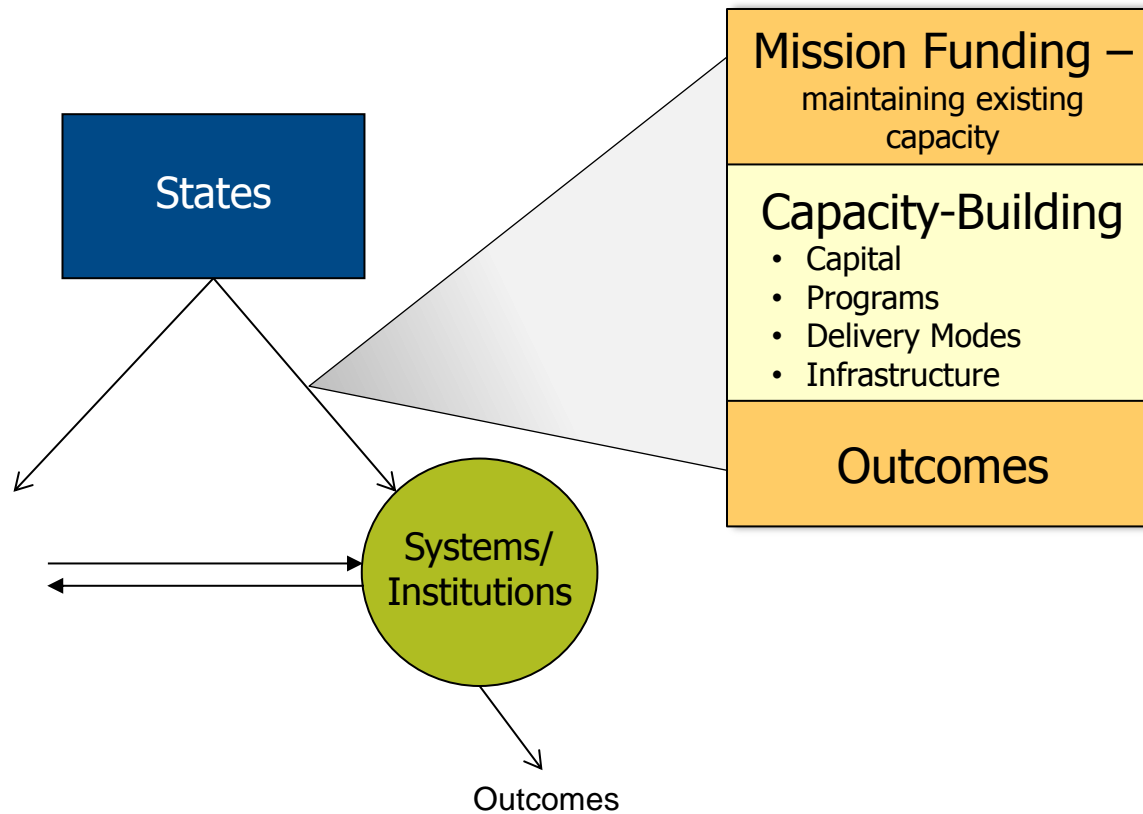
The Elements of Finance Policy



The Elements of a Financing Strategy

- Appropriations to institutions
- Tuition
- Student financial aid
- Improvements to institutional productivity

Components of State Funding of Institutions





Major Takeaways from the October 30 OPM Presentation

“How the State Funds Higher Education Institutions”

State Support for Higher Education Institutions Comes in Four Ways

- Direct appropriations to public institutions (Block Grants)
- Indirect appropriations to public institutions (GF Fringe Benefit Support)
- Bonding for capital improvements at public institutions
- Direct appropriations for student financial aid to Connecticut students attending public or private institutions in the state

Funding for Fringe Benefits a Complicating Issue

- Benefits for employees on GF Block Grant paid via comptroller's fringe benefit accounts
- Benefits for employees not on GF block grant are paid by revenues from
 - Tuition
 - Research grants
 - Clinical practice
- Effective rate is $\approx 80\%$
- Implications
 - Current students' tuition is paying for former employees' benefits
 - Universities less price competitive – in competition for research grants
 - Having state directly appropriate funds for this purpose would result in
 - Current students paying for current costs
 - Eliminate "charge back"

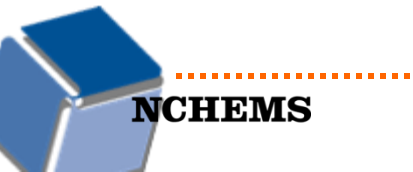
Funding for Fringe Benefits a Complicating Issue

(continued)

- Block grant funding is
 - Incremental
 - Based on “roster” costs and collective bargaining increases
 - Adjusted \pm based on state’s ability to pay

Implications

- Block grant funding is
 - Driven by staffing numbers and collective bargaining
 - Disconnected from enrollment/workload changes and from strategic plan priorities



From the Background Data Provided

- State funding for need-based aid has been decreasing
- Implications
 - Institutions are diverting resources to provide (taking over what should be a state responsibility)
 - Students in institutions with fewer resources are disadvantaged

Back to a Focus on Outcomes-based Funding



An NCHEMS Comment

It's hard to stay focused on outcomes-based funding element if mission/base funding element is in need of repair/attention.

Minimum Requirements for Outcomes-based Component Specified in Statute

- Rewarding public and independent institutions for
 - Increasing number of degrees awarded to residents of the state
 - special emphasis on
 - Areas with workforce shortages
 - Students from underrepresented populations
 - Increasing business activity in state through research
- Rewarding public institutions for increasing their productivity
 - Decreasing cost of earning a degree

Design Principles

- For Four-year institutions
 1. Increase in number of degrees produced – most recent year relative to average of prior three years
 - Baccalaureate
 - Masters
 - Doctoral & First Professional
- For Two-Year institutions
 2. Increase in number of degrees produced – most recent year relative to average of prior three years
 - Associates
 - Certificates in selected fields
 - Transfers with at least 30 credits to an in-state four-year institution
 3. Increase in number of students successfully completing first college-level English and Mathematics courses
- For ALL institutions
 4. Value of a completion is weighted 1.5(?) for awards in workforce shortage areas as defined by the Planning Commission
 5. Value of a completion is weighted 1.5 (?) for awards to students from underrepresented populations as defined by the Planning Commission
 - Low income/Pell recipients (?)
 - Minorities (?)

Design Principles

- For all Research Universities
 6. Increase in dollar value of externally funded research - must recent year relative to average of prior three years
 - Value of 2.0 (?) is applied to research funds received from in-state funders
 7. Other measures of contributions to economic vitality?
 - Licensure revenues?
 - Employment in in-state spin-off companies?
- For all Public Institutions
 8. Decreases in (tuition & fee plus state appropriation) revenues per completion. Where completer is defined as:
 - Degree recipient for 4-year institutions
 - Degree recipient, certificate recipient (in selected fields), or transfer with 30 or more credits for 2-year institutions
 9. Increase in number of undergraduate completers per 100 FTE UG enrollees

Implementation Principles

1. Performance scores/allocations are calculated separately for each institution
2. Results are aggregated for
 - UCONN
 - CSUC – 4-Year
 - CSUC – 2-Year
 - Charter Oak
3. Allocations are made at the aggregate level to the appropriate governing board
4. Governing boards make allocations to institutions