

Way Forward for Outcomes-Based Funding Task Force

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Assumptions/Principles

- The state budget shortfall will mean continued severe budget constraints for higher education for the remainder of FY 2016 and for FY 2017.
- The long-term overall goal is to achieve a better alignment of state financing of higher education with state goals – to achieve a degree of intentionality in state funding. It will take time—perhaps two or three fiscal years – to achieve significant changes.
- The goals and related priorities have been articulated by the Planning Commission and have been reinforced by state statute. The goals are similar to those adopted by the Coordinating Council for Higher Education that are currently the basis for accountability reporting of UCONN and CSCU to the state.
- The goals are for the state, not institutions. They focus on overall state conditions on which higher education has a significant impact—the education attainment of the state’s population, the state’s economic competitiveness and quality of life, and the affordability of the higher education. The goals are not the same as the goals for UCONN or CSCU, although the goals for these entities should be aligned with the state goals.
- Outcomes-based funding must be seen as only one component of state policy. The other key components, as defined in the statute outlining the charge to the Task Force, include:
 - Base funding
 - Investment funds intended to build capacity to achieve the state goals (Next Gen for UCONN is an example)
 - Student financial aid
- The evidence from around the country indicates that outcomes-based funding must be implemented in the context of base funding. If there are inequities, real or widely perceived, in the base funding of institutions, it is difficult to get support for outcomes-based funding. If enacted without attention to the inequities in the base, outcomes-based funding is not sustainable. The states with the most developed outcomes-based funding (Indiana, Ohio and Tennessee, as examples) all developed these policies in coordination with policies to address issues of equity in base allocations.

Connecticut realities

- Issues related to base funding of the institutions, especially CSCU institutions, must be addressed before outcomes-based funding can be implemented. Issues include:
 - Evaluating and addressing possible inequities in the base funding around CSCU institutions, especially among the community colleges
 - The funding of fringe benefits
- The Board of Regents and president are deeply engaged in internal system planning and realignment of financing policies CSCU priorities for 2016. It will take time for the system leadership to build the trust and support needed to bring about the needed changes within the system. The ultimate success of outcomes-based funding for CSCU institutions will depend fundamentally on the success of changes now underway within CSCU.

- It will take time to gain consensus on a limited number (five to seven) measures that form the basis of an outcome-based funding component of the state's finance policy

With the above points in mind, steps forward could include:

Short-term – FY 2017 (2016-2017)

- Focus on support of Board of Regents and president in developing a new strategic plan (aligned with the PC/Coordinating Council goals) and addressing funding policy issues within the system.
- Focus initially on the priority of increasing performance regarding the state goal of promoting student success for low-income students and reducing achievement gaps.
- Provide incentive funding to Board of Regents to support engaging internal stakeholders in the design of an outcome-based funding approach intended to achieve the priority state goal.
- Continue the engagement of stakeholders in discussion of metrics for use in outcome-based funding allocations.

FY 2018 (2017-18)

- Establish objective of organizing the state budget according to the major categories
 - Base/Mission Funding
 - Capacity Building/Investment Funds
 - Outcomes
 - Student Financial Aid
- Consider alternatives related to each component of the budget:
 - Base/Mission Funding
 - Funds allocated for the purpose of establishing equity of funding within the CSCU System
 - Capacity Building/Investment Funding
 - Continue funding for Next Gen/Business Initiative at UCONN
 - Explore program capacity needed by CSCU to meet state goals
 - Outcomes
 - Not implemented until FY 2018
 - Continue progress of gaining consensus on limited number of measures
 - Student financial aid
 - Implement changes to improve alignment with state goals

Long-Term – FY 2019 (2018-2019)

- Develop rationale (consistent with state goals) for allocation of base funding between CSCU, UCONN, Student Financial Aid.
- Implement: investment fund, outcome-based funding, and changes in student financial aid.