

CollegeProductivity

TRACKING MOMENTUM:

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Higher Education Productivity in America

This edition of Tracking Momentum highlights developments during the 2011 legislative sessions to adopt one or more elements of the Four Steps to Finishing First agenda.

Tracking Momentum:

Four Steps to Finishing First

Lumina's state policy agenda for increasing the number of graduates with existing resources and without sacrificing quality:

- 1 Reward institutions** that focus on students completing quality programs, not just attempting them
- 2 Reward students** for completing courses and degree or certificate programs
- 3 Expand and strengthen lower-cost academic programs**
- 4 Invest in institutions** that demonstrate the results of adopting **good business practices**

Step 1: Active Across the Country

Across the country, states were particularly active during the 2011 legislative season on Step 1: Reward institutions that focus on students completing quality programs. Seven states are highlighted here. See [the third edition](#) of Tracking Momentum to learn about momentum in other states.

Strengthen & Sustain Incentives for Colleges

With resources from Lumina Foundation, the Indiana grant team engaged in nonpartisan advocacy to sustain the state's commitment to outcomes-based funding. HB 1001, the 2012-14 biennial budget, allocates 5 percent of total funding based on key performance measures, including course and degree completions. The legislation calls for the Indiana Commission for Higher Education to fine-tune the missions of various campuses.

Performance Funding 2.0, 2011 Legislative Sessions

- Metrics for low-income and minority students
- Stronger focus on degree completion
- Progression metrics
- Some maintain 1.0-type provisions, like stop-loss and "new money only"

New Performance Funding Policies

SB 1766 requires the Arkansas Higher Education Coordinating Board to base part of each institution's funding on an outcome-centered formula in 2013-14, starting at 5 percent and increasing yearly to 25 percent in 2017-18. The Board this year will develop the formula to incentivize course and degree completion, address critical needs and enrollment, and promote success of economically disadvantaged and nontraditional students. Included is a "stop-loss" provision—no institution will lose more than 2 percent of its funding in a single year.

In Illinois, HB1503 requires the Illinois Board of Higher Education's (IBHE) to build its budget recommendations using "performance metrics designed to promote and measure student success in degree and certificate completion." The formula must encourage the success of low-income, minority and first-generation students, recognize unique missions and have extra considerations for two-year institutions. No percentage allocation is specified.



Pennsylvania

In March, Pennsylvania Governor Tom Corbett proposed cutting by half the state funding for colleges and universities. The final 2011-2012 budget restores much of the reduction: the Pennsylvania State System of Higher Education (PASSHE) received a 15 percent cut, and the state-affiliated institutions (Penn State, Pittsburgh, Temple and Lincoln) lost 25 percent. For the first time, PASSHE's 14 institutions and the state-affiliated universities received different budget adjustments. Chancellor John Cavanaugh attributes restoration of funds and the decision to go with different reductions to:

- Recognizing that the budget is a process. PASSHE, the college presidents, faculty and students spoke with one voice and kept the message positive.
- Using the situation as an educational opportunity. The governor's 50 percent reduction got attention, and that gave PASSHE the opportunity to show what the institution's do and how they serve people and communities.
- Knowing that accountability matters: PASSHE's self-imposed outcomes-based funding and efficiency efforts helped fight rhetoric that higher education was bloated and unaccountable and set PASSHE's institutions apart.

The Texas House and Senate passed legislation that would require the Texas Higher Education Coordinating Board to use completion metrics in budget recommendations. Four-year institutions must measure degree completion, completion in at-risk fields, completion by at-risk students, and six-year graduation. Two-year institutions must measure credit accumulation, completion of developmental education courses, 30-hour credit achievement, and transfers to four-year institutions.

Funding Studies Required

Legislatures in Arizona, Colorado and Mississippi want to know how to use outcomes-based metrics in funding decisions. In Arizona, SB 1618 requires the Board of Regents to recommend a funding formula tied to performance and outcomes, develop a proposal for student-centered financial aid, and suggest ways to erase disparities in per-pupil funding. Deadline: October 1, 2011.

In Colorado, SB 11-052 requires a new higher-education masterplan, renegotiated performance contracts between the Colorado Commission on Higher Education and its colleges and universities, and by December 31, 2013, recommendations on performance-based funding. Performance funding would start no sooner than 2016-17 — and only if base funding reaches a specified level.

In Mississippi, HB 875 directs the Education Achievement Council to develop a funding mechanism for community colleges and universities based upon productivity goals and accomplishments, as well as enrollment. Deadline: 2013 legislative session.

Tracking Momentum:

Innovative Features of Legislation Promoting Acceleration:

- Financial aid for programs relying extensively on prior learning assessment
- Benchmarks for growth in 3-year programs
- Scholarship credits for high school students finishing in 3 years

Steps 2 and 3: Acceleration Also Advanced in State Legislatures

State legislatures also took steps in 2011 to reward students for completion and expand and strengthen lower-cost, high-quality programs. Ohio and Washington are taking steps toward three-year bachelor's degrees. In Ohio, Gov. John Kasich, who has a strong interest in enabling students to quickly achieve their education goals, ordered state universities to explore creating three-year degrees for 10 percent of undergraduate programs by 2012 and for 60 percent by 2014. In Washington, Gov. Christine Gregoire signed legislation allowing students to earn a bachelor's degree in three years without summer classes and without taking more than a full-time load. Universities must submit three-year programs to the Higher Education Coordinating Board for approval.

Washington lawmakers also passed a bill creating a state-branded, non-profit Western Governors University, or WGU Washington. The bill is intended to make it easier

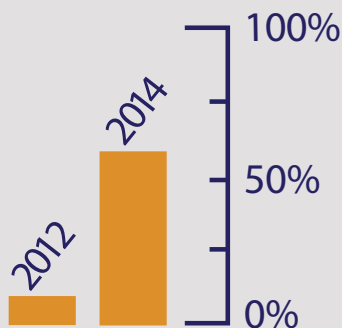
for Washington residents to know about and pursue postsecondary education at Western Governors University, including allowing students to receive state financial aid (just as they do when attending a public college in Washington). WGU Washington relies extensively on assessment of prior learning to accelerate progress toward a bachelor's degree.

Indiana's **HB 1001** gives scholarships of \$3,500 to students who graduate high school in fewer than seven semesters (3 ½ years) and enroll in college. The policy is designed to encourage early graduation, reduce drop-out and increase college completion.

Step 4: Public Institutions Collaborate Statewide to Reduce Operating Costs

New Jersey authorized state colleges and universities to form a risk-management group providing joint liability funds, risk-management programs, and other services now received through the state Department of Treasury. The voluntary program is consistent with 2010 recommendations of the **National Association of State Procurement Officers**.

Washington Governor Gregoire signed HB 1909, to create a self-funded "Innovation Account" to leverage technology to advance student learning, improve student services, and generate administrative efficiencies. It is funded by a set-aside of up to 3 percent of the operating fees of the 34 community and technical colleges. This would generate an estimated \$20 million per biennium. The law enacts a **2008 proposal by the State Board of Community and Technical**.



Percent Of Programs Offering Three-Year Undergraduate Degrees

Ohio Gov. John Kasich has ordered state universities to investigate ways to reduce time to degree by creating three-year undergraduate degrees for 10 percent of their programs by 2012 and for 60 percent by 2014.