

CollegeProductivity

TRACKING MOMENTUM:

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## Tracking Momentum:

Productivity means higher education becoming more efficient, more innovative and more cost-effective. There is simply no other way to close the nation's skills gap.

### NEW!

Lumina updated Four Steps and released a new animation explaining the Four Steps, at [www.collegeproductivity.org](http://www.collegeproductivity.org) or the [KC.org](http://KC.org)

## FOUR STEPS TO FINISHING FIRST



Performance  
Funding



Student  
Incentives



New  
Models



Business  
Efficiencies

*Lumina's Productivity Grants and Strategy Labs support innovative leaders so their policies and practices can be replicated nationally*

## STATE GRANTS

In 2009, Lumina Foundation made seven multi-year Productivity Grants. Two academic years and two legislative sessions later, the states distinguish themselves in different ways.



*Arizona realizes that, to remain competitive, it cannot continue business as usual.* Since 2009, state funding has declined 11.2 percent. Unlike other states, Arizona has not slashed enrollment or curtailed transfers. Lumina's grant provides a consistent, neutral statewide forum for promoting new, lower-cost models and business efficiencies. Arizona's institutions created nearly 1,200 additional pathway programs to help students move quickly, and at less cost, through community colleges to university degrees. Arizona State University, for example announced plans to open a new campus to serve more students at a lower cost. ASU also cut its 15-week semester in half and added more courses that can be completed in a 7½-week span. Its online community college, Rio Salado, is featured in **Focus** magazine. In 2010, the state launched an online portal to share student services and assist students with academic planning, credit transfers and career advising. The Arizona legislature called for a performance funding **study**, released in July, a signal of lawmakers' interest in tackling Step 1 in 2012.



*Indiana leads the nation with financing incentives promoting completion, efficiency and innovation.* State leaders leveraged Lumina's grant for business leadership and non-partisan analysis of performance funding. Indiana was the first state to use measures of completion and efficiency to allocate cuts. This year, the General Assembly increased the percentage of funds allocated for performance. A review with college leaders will lead to further refinements by year's end.

The Indiana Commission for Higher Education encouraged students to graduate early or on time. Students now can use state aid to attend Western Governors University (WGU) Indiana — a lower-cost institution introduced in 2010 that opened the door for other competency-based models such as the Accelerated Degree Program at Ivy Tech Community College.



*Maryland identifies and transforms college courses ripe for learning gains and cost savings.* Maryland is on track to transform 20 developmental education and lower-division courses students commonly fail. Using lessons from Lumina's Productivity Grant, Maryland won a \$1 million Completion Innovation Challenge Grant to redesign 21 courses at Historically Black Colleges and Universities (HBCUs). The data are sobering; among students who required remediation, only 13 percent at community colleges earned a degree within three years and only 36 percent at HBCUs graduated with a bachelor's degree within eight years. If these students graduated at the same rate as others, preliminary analyses suggest that Maryland would award 1,400 more associate and bachelor's degrees each year.

Montana transfers to four-year institutions rose **7%** between 2009 & 2010



*Montana's productivity highlights the critical role of lower- cost, two-year colleges in a state's productivity agenda.* Grant funding helped create a high-level leadership position for two-year education, spurred the work of a two-year committee of the Board of Regents and brought attention to efforts to transform two-year education. Lumina's grant advanced a common application and fee structure for on-line dual-enrollment courses. It also is helping the state access expertise in performance funding, strategic communications and curricular innovations. This effort will serve as a test run for the virtual community college, which will allow adults to access any online courses offered by state's two-year college sector. Since the grant was made, student transfers to four-year institutions rose 7 percent between 2009 and 2010 and associate degrees completed rose 9 percent.



*Ohio shows how adopting business efficiencies generates cost savings.* Ohio had many policies enabling productivity gains in place when it received its Lumina grant in 2009: a performance funding 2.0 policy, savings and reinvestment goals, a statewide transfer policy to reduce wasted time and credits and ease the path to new models and a commitment to nominal tuition increases. Lumina's grant accelerates a statewide e-procurement system, which gained **national media attention**, and begins a shared services project between a university and a community college partner.



*Tennessee maintains and strengthens its focus on completion through leadership transitions.* Since the grant was first made, the state has seen significant legislative turnover, a new governor and the hiring of two new higher education leaders. An original performance funding 1.0 state, in 2010 Tennessee adopted a new formula that allocates 70 percent of funding based on course and program completion. HCM's senior consultant, Nate Johnson, served on the state's master plan steering committee and continues to serve on the funding formula subcommittee. Metrics are weighted by the success of low-income students. State leaders vetted these metrics with institutions in 2010 and, with help from Strategy Labs, discussed implementation with college presidents in early 2011. Tennessee's leadership on Step 1 has been highlighted at national conferences. Furthermore, state team members were guest experts at a statewide meeting in Texas held on September 30th. On October 24th, Tennessee will host a Strategy Labs site visit for policymakers from eight states.

Productivity financing should create the same incentives for colleges and students. In 2010, Tennessee encouraged acceleration (summer school eligibility) and on-time graduation (a 120-hour cap on credits) with changes to its Hope scholarships. Meanwhile, the Tennessee Board of Regents aggressively advances Step 3 by reforming developmental education to take less time and advance more students and by converting associate degrees into more productive, cohort-based programs.



*Texas demonstrates the adaptability and learning that Lumina's productivity investments encourage.* Texas's higher education and legislative leaders used their Lumina grant and Productivity Strategy Labs resources to chart a robust framework for performance funding beginning in 2013. Governor Rick Perry signed House Bill 9, which lays out parameters for recommendations to the Legislature on performance funding. Before productivity exploded onto the Texas scene in 2011, the Texas Higher Education Coordinating Board agreed to adapt Lumina's Tuning process to engage faculty in defining learning expectations. Now, four fields have been completed (industrial engineering, electrical engineering, civil engineering and mechanical engineering), and four more Tuning projects are underway (biomedical engineering, chemical engineering, biology and chemistry). In a separate Lumina supported initiative, a consortium of leaders from nine colleges, universities and university systems led by University of Texas at Austin joined a project to redesign psychology courses, in partnership with Carnegie Mellon's Open Learning Initiative. With legislative support, this consortium will redesign at least four more courses.

Following up on a major speech in May about the role of public flagships in driving productivity gains, UT Austin President William "Bill" Powers is forming a working group of AAU peers on the issue. Governor Perry added new models to Texas higher education with his call for a \$10,000 bachelor's degree in his January 2011 State of the State Address and with his announcing the creation of **WGU Texas** in August.

"In my view, by far the greater long-term crisis is the educational deficit that we are building in this nation. Simply put, how can we be a global leader in things that matter if we are not a global leader in educating our citizens? We simply must find lower-cost ways of delivering higher-quality education."

Brit Kirwan, Chancellor, University System of Maryland

"We pay to put students in seats; we don't pay for students to succeed."

David Leonhardt, Pulitzer Prize winner, 2011 NPC Keynote

## STATISTICS AT A GLANCE

● 2009 ● 2011

States with performance funding adopted or under a legislatively-required study<sup>1</sup>



States creating state “brands” of the competency-based Western Governors University to be a disruptive innovator and provider of lower-cost degrees for adults<sup>2</sup>



## GOOGLE NEWS & FACTIVA

“new normal” was referenced by a college leader/policymaker in

2009: 4 times

2011: 20 times

“productivity” was referenced in Texas in

2009: 2 times

2011: 140 times

## WHAT THEY ARE SAYING

Tweets from Lumina’s 2011 National Productivity Conference:

We need those powerful stories that people will hear & think ‘yes, this is how we’ll improve higher ed’ @GoodmanCenter #collegeproductivity

Chancellor, IU East, @paydar: Retention is everything. you don’t sell someone a car & only give them half the car #collegeproductivity

Bill Powers @UTAustin “mold budget & strategy together 2 make the most productive unit & ask ‘whats the rate of return’ #collegeproductivity

Glasper @mcccd “think about sustainable perf funding model that resonate regardless of who’s elected” #collegeproductivity

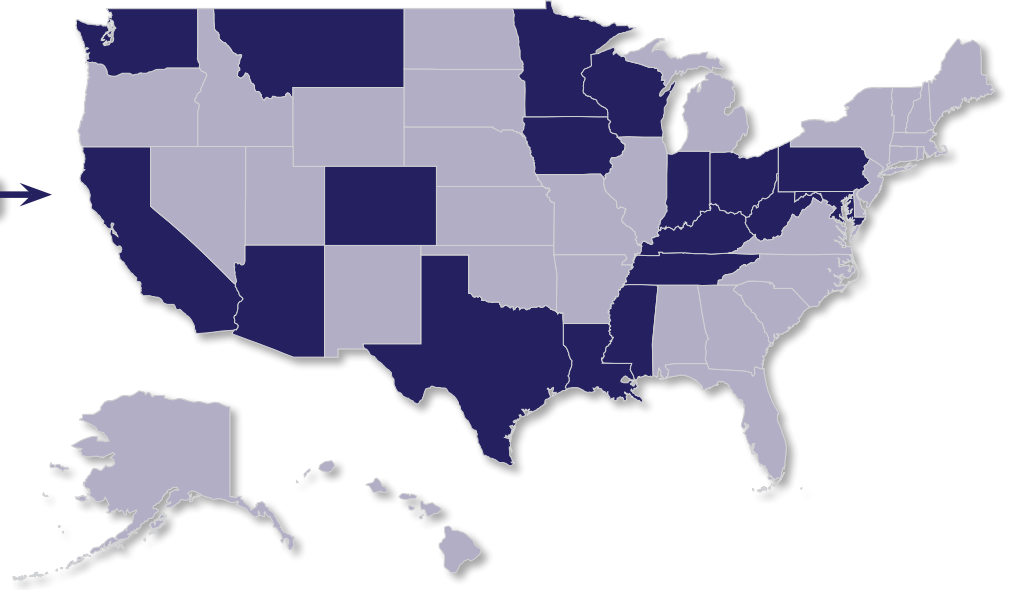
@RickVoorhees Make the nexus between the legislative agenda and the instructional agenda. Faculty want to be part of the solution! #collegeproductivity

@aacu C. Schneider “I wouldn’t have come into this project if I wasn’t confident that other colleges weren’t involved” #collegeproductivity

<sup>1</sup> In 2011, Florida, Indiana, Ohio, Oklahoma and Pennsylvania had performance funding policies. Since then, Arkansas, Illinois, Louisiana, Montana, Tennessee, and Washington have implemented performance funding policies. Arizona, California, Colorado, Mississippi, Texas and Virginia are conducting legislatively-required studies on performance funding.

<sup>2</sup> Indiana, Texas and Washington. 400% increase in WGU enrollment among Indiana students since 2009. WGU Indiana launched in 2010.

## PRODUCTIVITY STRATEGY LAB STATES



## PRODUCTIVITY STRATEGY LABS

The Productivity Strategy Labs provide policymakers in 18 states opportunities to connect with peers to share, identify and pursue the **Four Steps to Finishing First agenda**. Strategy Labs offer site visits, in-state meetings, expert and peer consulting and travel support.

### *KY: TA to advance Step 1*

- Meetings facilitated with Strategy Labs technical assistance funds will lead to new performance funding proposal in Kentucky's 2012-14 state appropriation request.

### *MS: TA to advance Step 1*

- Strategy Labs technical assistance played a role in recent charge to develop a new funding policy based, in part, upon productivity goals.

### *IN: Performance funding revision*

- Recommendations crafted for IN performance funding formula revision will include lessons learned from an **HCM-prepared report** and a Strategy Labs-facilitated meeting with peers from other states.

### *OH: Transfer Degree Communication Plan*

- After the January Strategy Labs site visit, Ohio requested **Louisiana's Transfer Degree Communication Plan**. Ohio estimates that this plan saved the Regents a year's worth of work and helped the state secure \$150,000 for its communications effort.

This publication was produced for the Productivity Strategy Labs by HCM Strategists with support from Lumina Foundation. HCM is a public policy and advocacy consulting group focused on finding effective solutions in education and health. The Productivity Strategy Labs provide policymakers with the opportunity to connect with peers from other states to share, identify and pursue solutions to ensure that more students complete college within existing resource. The views expressed in this publication are those of the authors and do not necessarily represent those of Lumina Foundation, its officers and directors or employees.

