

Technical Incentive Funding Task Force



PAUL FRANCIS
**COUNCIL OF
PRESIDENTS**

MELISSA BEARD
**EDUCATION RESEARCH
& DATA CENTER**

CHERIE BERTHON
**OFFICE OF FINANCIAL
MANAGEMENT**

Technical Incentive Funding Task Force

Established in the 2013-15 biennial operating budget

Includes:

- A proposed system for providing new incentive funding
- A methodology for allocating funding for performance based on clear metrics agreed to by the task force
- A method to direct unspent performance funding to the State Need Grant
- A methodology for establishing a baseline level of state funding

Technical Incentive Funding Task Force

The task force was also asked to recognize the following:

- Differences in institutional missions
- Progress that the state has already made around accountability
- Performance measures already in statute
- Control resident undergraduate tuition growth
- Participation in the program is voluntary

Technical Incentive Funding Task Force

- Included stakeholders from all six public baccalaureate colleges and universities, OFM, and the WSAC
- Had six open public meetings over a three month period
- Researched national best practices
- Reviewed performance funding models in other states

Performance Efforts

Performance and accountability mechanisms have been utilized by Washington's public baccalaureate sector for over a decade

- Higher Education Accountability Report (HEC Board)
- Government Management Accountability & Performance (Governor Christine Gregoire)
- Performance Agreements
- Performance Plans
- Accreditation
- Performance Audit of Institutional Tuition Setting Authority (Joint Legislative Audit and Review Committee)
- Performance Audit of Performance Incentive Funding (Washington State Auditor)
- Results Washington (Governor Jay Inslee)
- Statewide Public Four-Year Dashboard (OFM & Public Four Year Sector) - Washington is a national leader for efforts to provide transparency and accountability through data

Statewide Public Four-Year Dashboard

- Standardized calculations and the display of metrics
- Expanded data availability
- Higher quality policy research
- Increased dialogue between educators, researchers, and policymakers
- Improved public understanding of higher education performance



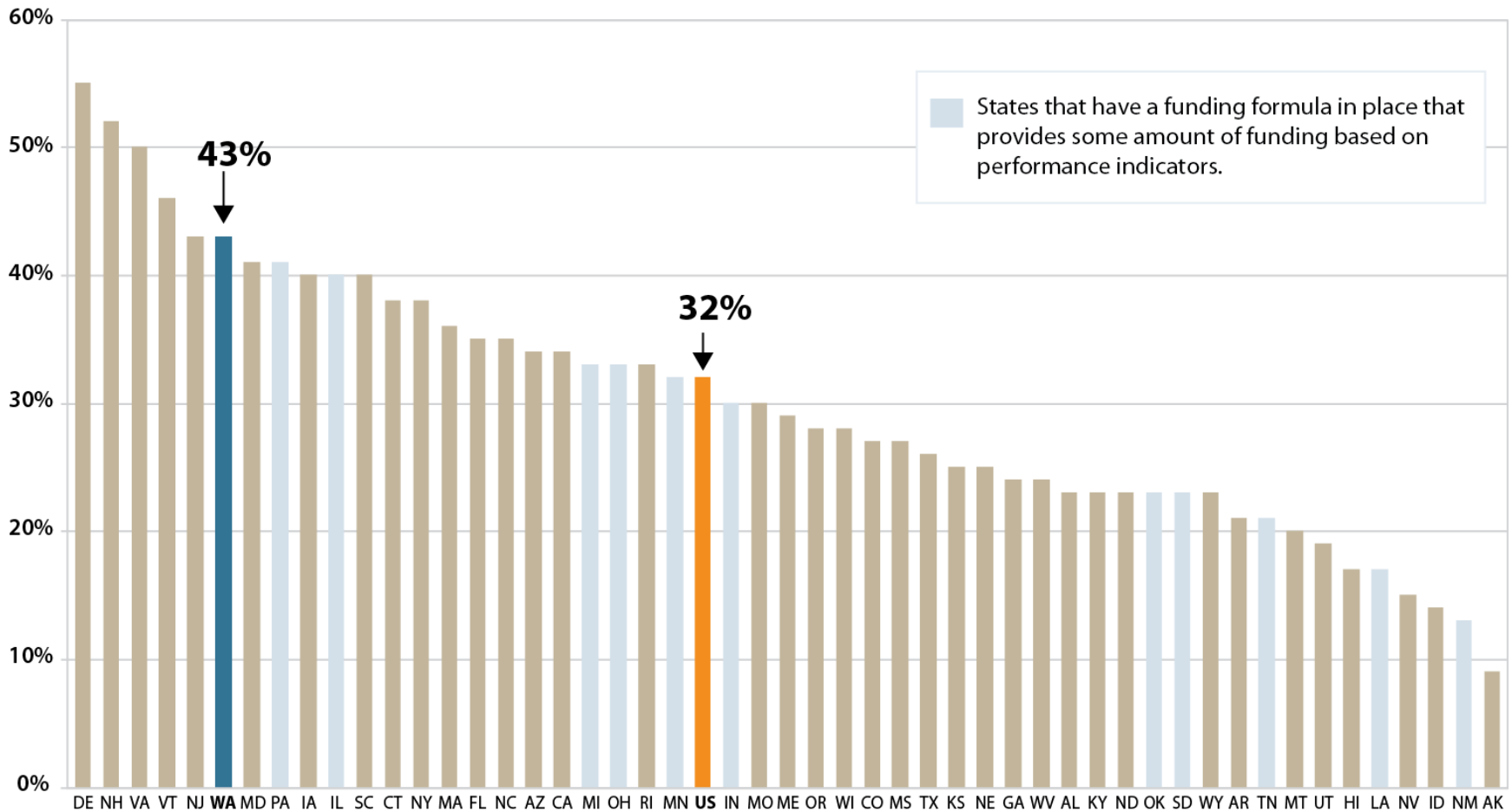
Statewide Public Four-Year Dashboard:
www.ofm.wa.gov/4yeardashboard

Public Baccalaureate Successes

- Washington's public baccalaureate institutions have the 5th best 4-year graduation rate in the nation
- Washington is 3rd in the nation in bachelor's degrees produced per 100 FTE
- Nearly one-third of our undergraduates are from low-income families
- 87% of undergraduates are Washington residents
- 37% of entering students are transferring from another institution

Washington's Public Baccalaureate Institutions Have the **5th Best 4-year Graduation Rates** in the Nation

Percent of students graduating with a bachelor's degree within 4 years, public institutions in 2011



Sources: U.S. National Center for Education Statistics Integrated Postsecondary Education Data System, 8/2013
National Conference of State Legislatures, 2013

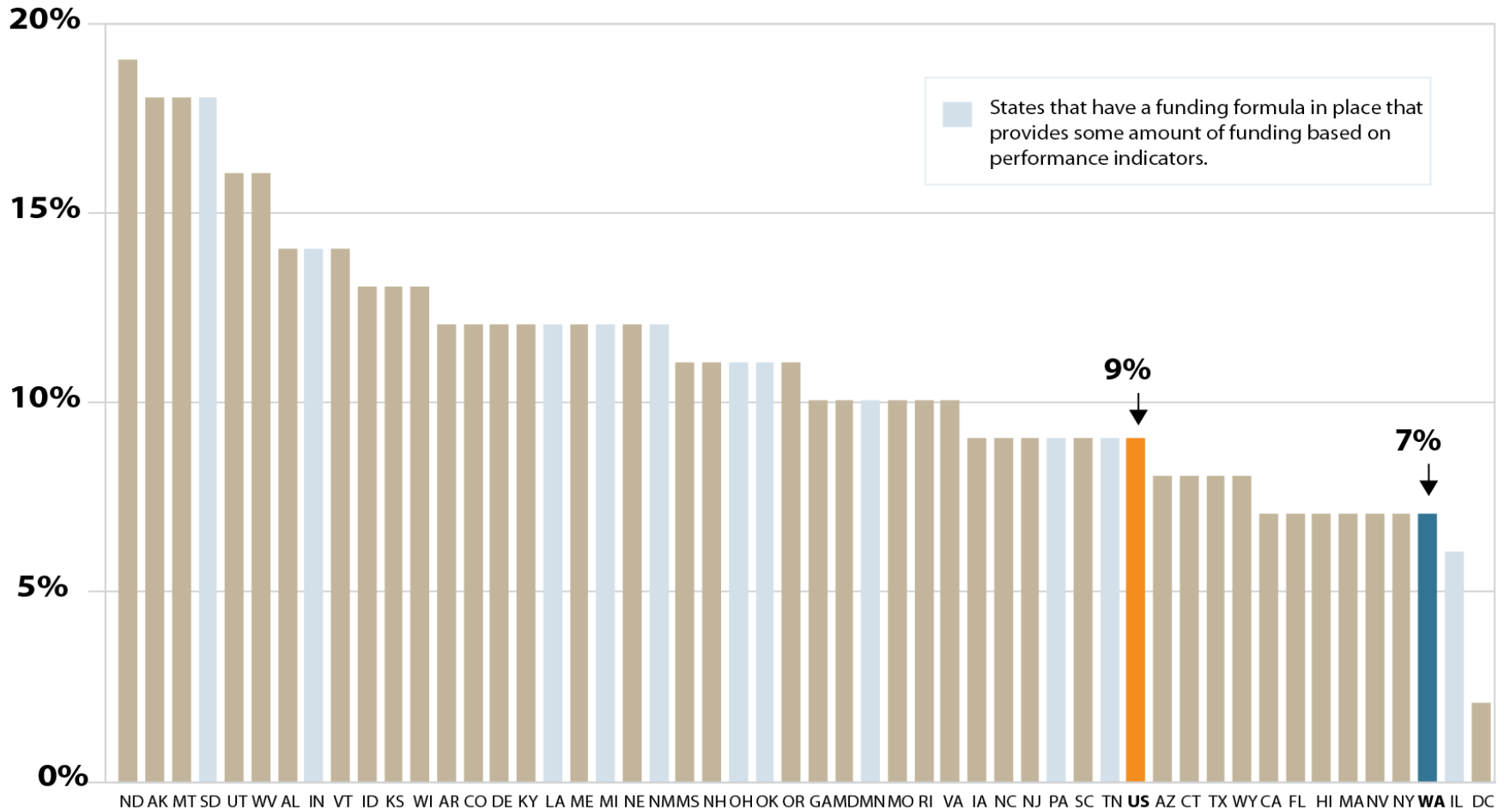
Current Challenges

- **Low college participation:** 46 states enroll more of their population in baccalaureate institutions
- **Low graduate school participation:** 48 states enroll more of their population in graduate education
- **Low state funding:** 48 states provide more state funding per student to support their public higher education sectors
- **Washington's demographics and corresponding student needs are changing:** The percentage of high school graduates from diverse populations is projected to grow from 29.3% in 2012-13 to 42.1% by 2027-28

Source: 2011-12 IPEDS enrollment and completion data, public baccalaureate or higher institutions only; 2013 WICHE, Knocking at the College Door

Washington Ranks **47th** In Participation In Public Baccalaureate Education

Public baccalaureate participation rates based on the population age 20-34, 2011-12.



Source: 2011-12 IPEDS enrollment and completion data, public baccalaureate or higher institutions only
National Conference of State Legislatures, 2013

“Washington-specific” areas of need

- Washington’s economy is highly reliant on an educated workforce, but public baccalaureate participation rates are among the lowest in the nation
- Washington is among the states with the highest need for graduates in engineering, technology, science (STEM), and health fields, but degree production has not kept pace with economic needs
- A significant decline in state funding from 2008-2012 dramatically shifted the state’s higher education funding structure and impacted public higher education affordability
- Washington’s demographics and corresponding student needs are changing

Taskforce Recommendations

- **Recommendation #1:** Support “Washington-specific” statewide achievement goals based on college access and completion
 - Increase overall degree production
 - Increase degree production in high demand areas
 - Increase access and success for students from underrepresented groups

- **Recommendation #2:** Identify institution-specific metrics based on institutional mission

Menu of Metrics

Statewide Achievement Goals

4 Year Public Baccalaureates

CWU EWU TESC UW WSU WWU

Increase Overall Degree Production

Total Degrees Awarded (Undergraduate & Graduate)	■	■	■	■	■	■
Graduate Degrees Awarded					■	
Underrepresented Students (Minority/Non-Traditional Age/Veteran) Degrees Awarded			■		■	■
Underrepresented Students (First Generation, Low Income) Degrees Awarded						■
E-Learning Degrees Awarded					■	
Undergraduate First to Second Year Retention		■	■			
Six Year Graduation Rate		■				

Increase Degree Production in High Demand Areas

STEM/High Demand Enrollment		■		■		■
STEM/High Demand Degrees Awarded		■	■	■	■	■

Increase Degree Production for Students from Underrepresented Groups

Underrepresented Student Enrollment (Minority/Non-Traditional Age, Veterans)	■		■	■		
Underrepresented Student Enrollment (First Generation, Low Income)				■		
Transfer Student Enrollment	■					
Community College Dually-Admitted Student Enrollment	■					
Students in Online Learning Enrollment	■					

Taskforce Recommendations

- **Recommendation #3:** Provide new, up-front state performance funding investment in conjunction with the state budget processes

- **Recommendation #4:** Establish a simple, ongoing system for monitoring and funding institution-specific metrics that aligns with the biennial budgeting process
 - The Legislature and governor provide ongoing investment in performance funding in the biennial budget process.

 - OFM through ERDC will provide monitoring of institutional progress on the metrics.

 - Accountability is provided through the biennial budgeting process in which performance funding is carried over into institutions' base budgets or forfeited to the State Need Grant Program, based on performance levels.

Taskforce Recommendations

- **Recommendation #5:** Start the timeline for performance funding now and renew on a biennial basis going forward
 - 2014 Supplemental Budget
 - Legislature and Governor provide an up-front investment
 - Colleges and universities submit individual performance goals to OFM for approval or rejections; funds are released upon approval
 - 2015-17 Biennial Budget
 - Initial up-front investment continues in the budget, but not built into the base budget
 - 2017-19 Biennial Budget and Every Biennia Thereafter
 - ERDC measures performance gains and determines if goals are met for academic years 2014-15 and 2015-16
 - Earned performance dollars are built into the maintenance level budget
 - Unearned dollars are forfeited to the State Need Grant program
 - Legislature provides additional performance funding for the next 2-year cycle

Taskforce Recommendations

- **Recommendation #6:** Pursue baseline funding objectives through adequate maintenance level funding, institution-level policy investments and performance incentive funding
 - A performance funding mechanism will advance the state's goals only if there is adequate base funding for the state college and universities
 - **First, adequately fund the maintenance level**
 - **Second, make policy level investments**
 - **Third, drive performance through incentive funding**

Taskforce Recommendations

- **Recommendation #7:** Use increased state funding over time to pursue a 50/50 balance between tuition and state support
- **Recommendation #8:** Repeal and replace other statutory statewide performance goals and processes
 - Repeal performance plans (RCW 28B.15.101)
 - Specify that the financial aid reporting requirements are only for institutions that trigger tuition-setting authority (RCW 28B.15.102(6))

Conclusion

- Performance funding will take a partnership between policymakers and higher education stakeholders
- Performance funding should be viewed in the context of building for future success through **Investment, Monitoring, and Accountability**
- Meaningful performance gains will take an investment in resources