

# **Technical Incentive Funding Task Force**



**SENATE HIGHER EDUCATION  
COMMITTEE**

**JANUARY 23, 2014**

# 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

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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](http://www.ofm.wa.gov/4yeardashboard)

# Public Baccalaureate Successes

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- Washington's public baccalaureate institutions have the 5<sup>th</sup> best 4-year graduation rate in the nation
- Washington is 3<sup>rd</sup> 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

# 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-specific” areas of need

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- 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