Fiscal Responsibility: Aligning Resources to Meet Priorities

Leading the Way Compact Planning Forum

April 1, 2014
The Public Good

• Meet growing workforce needs

• Provide lower-cost, high-quality opportunities

• Better coordinate federal, state and institutional policies
Boosting Productivity

• Performance Funding

• Student Incentives

• New Models

• Business Efficiencies
Area 1: Performance Funding

A method for structuring higher education funding by tying funds to outcomes (such as increased graduates, STEM degree holders, etc.) instead of basing it on enrollment or historical funding.
Performance Funding Landscape

West Virginia HIGHER EDUCATION Policy Commission
State Example: Ohio

- Based on course and degree completion
- Takes course cost into consideration
- Momentum points for community colleges
State Example: Pennsylvania

- Aligns with the state’s strategic objectives
- Distributes eight percent of state appropriations
- Gains for black and Latino students
WV Senate Bill 436

- 2012 Legislative Session
- Objectives
  - Review existing models
  - Identification of policy objectives
  - Recommendations to ensure stability
  - Analysis of the impact of different models on different types of institutions
The Work of the Select Committee

• Meeting with HCM Strategists (May 2012)
• Meeting with College Presidents (August 2012)
• Presentation of Draft Formula (October 2012)
The Work of the Select Committee

• Final Report Discussed (January 2013)
• SB 326 Introduced (February 2013)
• SB 326 Passes Senate But Fails in House (April 2103)
Proposed Formula

• Two Formulas:
  – CTCS Categories: Developmental Education, Student Progression, Degree Completion, and On-Time Degree Completion
  – HEPC Categories: Student Progression, Degree Completion, On-Time Degree Completion, and Transfer Students from Two-Year Sector
Lessons Learned

• Keep it simple

• Establish clear state- and campus-level completion goals

• Take institutional differences into account
Area 2: Student Incentives

• Policies should be simple and predictable

• Policies should incentivize course and degree completion

• Policies should focus on the right groups of students
State Example: Louisiana

• Opening Doors Scholarship

• Focus on low-income students

• Staggered Payments
State Example: Oklahoma

• Oklahoma’s Promise

• Focus on low-income students

• Staggered Payments
State Example: Texas

- College for All Texans $1,000 Tuition Rebate
- Focus on excess credits
- Out-of-State tuition rate and loss of subsidies
Lessons Learned

• Create student-centered aid policies that target dollars efficiently

• Fund student success, not just enrollment

• Target the largest financial incentives for those least able to pay
Area 3: New Models

• The Big Goal

• Completion efficiency

• Lower cost, high quality models
Efficiency Example: Florida

• Guaranteed statewide transfer agreement

• Increased transfer students admitted to four-year sector

• Decreased excess hours
Efficiency Example: Maryland

- Statewide redesign of lower level courses with high failure rates
- Cost-per-student decreased
- Pass rates increased
Efficiency Example: Carnegie Mellon

• Created low-cost, web-based courses

• Reduced cost of instruction

• Favorable response from faculty
Lower-Cost, High-Quality Model: Western Governors University

- Competency-based online university
- Cost per degree has dropped since 2002
- Average time to a bachelor’s degree is 30 months
Lower-Cost, High-Quality Model: Rio Salado College

• One of the fastest growing colleges

• Shorter courses

• New course sections start every other week
Lessons Learned

- Conduct policy audits to determine which regulations and barriers impede growth of these models
- Create a guaranteed-transfer lower-division core or degree
- Limit course redesign to high-volume, lower-division courses
Area 4: Business Efficiencies

- Reduce or eliminate lower-priority programs and services
- Consolidate or outsource non-core services and programs
- Focus on what you do best
Business Efficiency Example: Maryland

- University System of Maryland Board of Regents Work Group for Effectiveness & Efficiency (E&E)
- Streamline and develop a model of effectiveness and efficiency
- Joint purchasing
Business Efficiency Example: Ohio

- Identification of key priorities
- Statewide Efficiency Council
- Bulk purchasing agreements
Lessons Learned

• Articulate statewide priorities that create clear and measurable efficiency expectations tied to state workforce and economic development goals.

• Focus institutions on what they do well and push them to eliminate duplicative or low-demand academic programs.
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