

JOINT STANDING COMMITTEE ON EDUCATION

Senate Finance Committee Room
September 17, 2018

- **Student-Focused Funding for West Virginia Higher Education (§18B-1B-4(d))** 1
Dr. Chris Treadway, Senior Director of Research and Planning



West Virginia
Higher Education
Policy Commission



WEST VIRGINIA
COMMUNITY & TECHNICAL
COLLEGE SYSTEM

Report to the Joint Standing Committee on Education

September 17, 2018

Student-Focused Funding for West Virginia Higher Education §18B-1B-4(d)

REPORTS ATTACHED AS SEPARATE DOCUMENTS

Also available:

<http://www.wvhepc.edu/resources/reports-and-publications/>

<https://wvctcs.org/reports-resources>



West Virginia Higher Education Policy Commission
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September 17, 2018

The Honorable Mitch Carmichael
President, West Virginia State Senate
Chair, Joint Committee on Government and Finance
Room 227M, Building 1
State Capitol Complex
Charleston, West Virginia 25305

The Honorable Kenny Mann
Co-Chair, Legislative Oversight Commission on Education Accountability
Chair, Senate Education Committee
Room 417-M, Building 1
State Capitol Complex
Charleston, West Virginia 25305

The Honorable Paul Espinosa
Co-Chair, Legislative Oversight Commission on Education Accountability
Chair, House Education Committee
Room 434-M, Building 1
State Capitol Complex
Charleston, West Virginia 25305

Dear Mr. President, Chairman Mann and Chairman Espinosa:

In accordance with West Virginia Code §18B-1B-4(d), we are pleased to provide the enclosed report detailing our recommendations for fair and equitable performance-based funding models for West Virginia's public two- and four-year institutions. The two models are designed to drive taxpayer dollars toward the education of West Virginia resident students by: offsetting instructional costs; providing financial support to institutions that, by the nature of their missions, are expected to serve students whose success often depends on the availability of costly academic support services; and holding institutions accountable for student success and degree completion. Additionally, the proposed models include elements that reflect the unique and diverse missions of public institutions across both systems.

The two models use similar methods of allocating general revenue appropriations proportionally based on each institution's contributions to system-wide performance on key quantitative metrics. The sum of general revenue appropriations within each system will be divided into funding pools that align with the primary dimensions of each system's master plan – Access, Success, Impact and Research for the four-year system, and Access, Success and Workforce Development for the two-year system. Funding within each

pool will then be distributed proportionally based upon a set of standard quantitative metrics. Table 1 below offers an overview of the key elements of the two proposed models. Additional details are provided in the enclosed presentations.

Table 1: Comparison of Two- and Four-Year Funding Formula Frameworks

Four-Year Model Dimensions		Two-Year Model Dimensions	
Model Dimensions	Quantitative Metrics	Model Dimensions	Quantitative Metrics
Access	<p>Weighted Credit-Hour Production The sum of the number of credit-hours students attempt and successfully earn in an academic year.</p> <p>Weighting factors are applied to account for the increased cost of delivering instruction in high-cost academic disciplines, at various academic levels, and to students in certain high-risk populations.</p>	Access	<p>Weighted Credit-Hour Production The sum of the number of credit-hours students attempt and successfully earn in an academic year.</p> <p>Weighting factors are applied to account for the increased cost of delivering instruction in high-cost academic disciplines, at various academic levels, and to students in certain high-risk populations.</p>
Success	<p>Weighted Progress Toward Degree The number of first-time, full-time, associate- and bachelor's-degree-seeking freshmen who, at the end of their first, second and third years of college have earned 30, 60 and 90 credit-hours, respectively.</p> <p>Weighting factors are applied to account for the increased cost of providing academic support to students in certain high-risk populations.</p>	Success	<p>Weighted Certificate and Degree Completion The number students who successfully earn a certificate or degree in an academic year.</p> <p>Weighting factors are applied to account for the increased cost of providing academic support to students in certain high-risk populations, and for certificates and degrees awarded in high-demand fields such as healthcare or teacher education.</p>
Impact	<p>Weighted Degree Completion The number students who successfully earn a degree in an academic year.</p> <p>Weighting factors are applied to account for the increased cost of providing academic support to students in certain high-risk populations, and for certificates and degrees awarded in high-demand fields such as healthcare or teacher education.</p>	Workforce Development	<p>Clock-Hour Production The number of clock-hours students complete in non-credit workforce development programs.</p>
Research	<p>Institutional Investments in Research and Development Actual dollars invested in research and development activity, as reported in annual audited financial statements.</p>		

Work on the two models began in the spring of 2017, shortly after House Bill 2815 was adopted by the Legislature and signed by the Governor, with a review and analysis of research related to performance-based funding models and an examination of funding models employed by other states. Our research staff conducted a series of mathematical modeling exercises to determine current per-full-time-equivalent (FTE) funding rates for each institution, and to explore the effects of various quantitative metrics on institutional funding levels. The results of these analyses were shared with Legislative leaders through a series of individual in-person meetings in mid- to late-fall. During the same period, then Chancellor Paul Hill and Higher Education Policy Commission (Commission) staff hosted a series of nine internet-based meetings with the executive leadership teams of each of the state's public four-year institutions. The purpose of these meetings was to solicit ideas and feedback from campus leaders on a broad framework for the new funding model and to compile a list of potential funding formula metrics.

We presented the first version of the Student-Focused Funding Model for four-year institutions as an information item to the Commission at its March 23, 2018 meeting, and later to the Legislature's Joint Standing Committee on Education and the Legislative Oversight Commission on Education Accountability on May 21, 2018. Following the March 23 Commission meeting, we invited the public to review the proposed model and feedback during a 30-day public comment period. The Commission received more than 1,300 individual emails, most of which were general messages of support. All comments received during and after the public comment period are available for review using the following link:

http://www.wvhepc.edu/wp-content/uploads/2018/08/HEPC_FundingModelComments_23Aug2018.pdf

The most noteworthy and substantive recommendations are found in the first chapter of the comment document. Our assessment of each recommendation, its potential effect on the model, and its alignment with national best practices led to a number of significant changes to the initial proposal. These changes were presented collectively as an information item to the Commission at its August 24, 2018 meeting. Copies of both the original and modified proposals are enclosed for your reference. These documents are also available online using the following link:

<http://www.wvhepc.edu/resources/reports-and-publications/>

In an effort to obtain an objective assessment of the four-year funding model proposal, we enlisted the help of HCM Strategists, a nationally-recognized independent consulting firm with expertise in performance-based funding model development. HCM conducted an extensive review of the four-year proposal to determine the extent to which it aligns with national best practices and the four-year system master plan. A copy of the final HCM report is included in the enclosed documents. This independent review was conducted at no cost to the state with support from the Lumina Foundation.

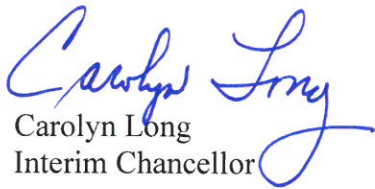
Our efforts to develop a two-year funding formula proposal followed a similar process, beginning when Chancellor Sarah Tucker hosted a series of nine individual webinars with campus leaders in early May 2018. The Council for Community and Technical College Education (Council) also hosted a public, full-day funding model summit, which was attended by members of the Council, Council staff, institutional leaders, and members of the public. Information gathered during these meetings was used to craft a proposal that was presented to the Council on July 27, 2018. A two-week public comment period followed, with only three comments received.

A copy of the two-year proposal is enclosed for your review, and is available online at the following link:


<https://wvctcs.org/reports-resources>

We thank you for the opportunity to conduct this important work on your behalf and stand ready to discuss the proposal in greater detail with you and your distinguished colleagues after you have had an opportunity to review the enclosed documents. Should you have questions in the meantime, please feel free to contact us, or Dr. Chris Treadway, Senior Director of Research and Policy, at (304) 558-1112 or chris.treadway@wvhepc.edu.

Sincerely,



Carolyn Long
Interim Chancellor



Sarah A. Tucker
Chancellor