

Institutional Meeting Summary

October 6, 2015

1. What are the merits of an outcomes-based funding model?

- The student wins
- You get what you pay for
- Incentivizes progress

2. What are the shortcomings?

- Some students require more assistance to succeed
- Tendency to treat everybody the same with the same performance measures
- Need to develop model that does not guarantee failure like the model now. Cannot compare your data against yourself. Be creative in what the benchmark is and how to compare the benchmark.
- If truly based on outcome defined by graduation, then that provides disincentives to schools who serve those students who are difficult to serve. The easy way to have high graduation rates is to not accept anyone with a low ACT score. The mission of the institution and community colleges is to serve and be open admission and sometimes outcome based models work against that mission.
- Outcomes are not the same – examples: students do not cost the same, more expensive to educate someone from a low income household than a middle or high income household because they need more support systems at the institution. Also variations in concurrent credit costs.
- Diverse prosperity – factor into the formula funding model those institutions receiving less operating funding being held to the same standards as those institutions receiving significantly more operating funding. Need to address those institutions that are already disadvantaged due to receiving less funding.
- Need to come up with a measure of success because some students come for reasons other than to get a degree or certificate – example: re-training, art class, pottery class, exercise class. These students are served at our institutions and take up faculty time but may not get a degree.
- Transfer courses – some students' goals are to go to one school to take certain courses that are needed for a degree at another institution
- Need to be mindful as we explore this idea, are we really talking about the “funding of” higher education or are we talking about the “investment in” higher education
- Difference between funding and investment in: funding models that are built on how well you did last year before I give you money this year seems to be a model that is possessive of the

funds by the funder and you have to prove yourself to be given something. If you are investing in higher education, you have already committed that this is something of value.

- Performance funding metric should do its best to measure the work done by a university rather than a pass/fail measure that you either earn or do not earn
- False formula – formulas need to be fixed to be closer to reality
- Cannot ask for more without more resources

2a. Can the conversation with the legislature be changed if we can better demonstrate results that are achieved?

- The way it is set up now is counter intuitive- money taken away from an institution that is not succeeding will make them not succeed even more
- Need more than 2 years for a plan to work
- Fundamental concerns – 1) one incentive plan does not fit everyone and we all have different missions because all institutions are not the same; and 2) need for equitable base line funding to operate. Not all institutions have been fed the same way.
- Community colleges – formula is not applied evenly to colleges and no consideration to the students that are served. In order to really serve students well, need to have the budget and operating funds to provide that base line service.
- We agree the model is flawed. Going forward, we need to know our role and scope. We have tried to become all things to all people. We need to know what the state expects from each institution and how we are doing as it relates to meeting the governor's goal. If the goal is how many Arkansans have degrees or certificates, then that is ultimately what is going to propel the state forward.

3. Should the funding model be identical for all institutions?

- No
- Incorporate differences – differences in population, etc.
- One model but with various factors that the model takes into account

4. Can we create a model that would apply to our current non-formula entities?

- Different model – too much diversity and could not compare one to another
- Question: How would you have outcomes for each one of those that would be considered equitable outcomes to all of the other entities to be able to measure whether or not they got an increase in funding?

4a. Can we figure out a way to determine funding beyond just asking for more money?

- Yes, we can develop measures but may need to be individualized to each entity
- Metrics should address the governor's goals
- The problem is things get changed every two years and something needs to be put into place that will transcend the length of two governor's terms and go into future governors' terms. The state needs to be committed to a 15 to 20 year model. What we are operating on now is what we think and not what we know, because we cannot know because we have no data to draw any conclusions. Need 10 years of data to determine whether or not you are being successful. Need for a long-term commitment at the institutional level and governmental level and how to transcend election cycles in order to make rational decisions down the road.

5. What outcomes are most important to Arkansas higher education?

- Economic development – educate Arkansans to feed the economy in our state – keep them here
- Completion does not necessarily mean a bachelor's degree. It can be a certificate or a cluster of courses that gets them into a job and a clear career pathway.
- Teach students to be critical and creative thinkers with some problem solving and reasoning abilities. So if in 5 years their job goes away, they have the capacity to continue to learn and merge into the next technology so they can continue to earn a living. Need to be careful not to forget that economic development needs longevity that transcends individual jobs.
- Financial aid – a significant portion of the Academic Challenge Scholarship funds needs to be set aside for nontraditional students in order to reach the governor's goal
- Need to communicate to legislators correlation between education and economic development. Institutions need to create a pathway for students to learn and develop new skills as they go along and inform legislators of our tremendous responsibility and ability to help this state and the linkage between higher education and economic development. They are not separate things. We have a citizen base that is not as ready as it needs to be to attract industries and businesses to the state.
- Need for the state chamber to recognize that investing in higher education leads to economic development
- Communicate not only with the populous, but also with the legislators and economic leaders on the value of higher education
- Need to change the message and find a different way to communicate to the general assembly and executive branch. Need to look forward and show proof of what we are doing better than what we are currently showing and work towards proving that we are worth having more.
- We are in competition with other states. Look at who our peers are and how to compare the differences with peer universities and aspirational universities.

- Idea: model to measure performance and improvement: “two bookends” – one bookend is “innovation funds” for those institutions that are performing above the benchmark and are achieving; and the other bookend is “improvement funds” for those who are not meeting the benchmark and to help them with whatever issue is causing them to fall below the benchmark so they can achieve. When there is performance change through the two “bookends,” then it gets easier to go back and say we are making changes and progress, and then funding can happen after that.

6. How should enrollment be a consideration in the funding model?

- How do we define enrollment because it is broken down into many pieces and needs to be captured appropriately – example: concurrent, part-time, full-time
- Need to look at how we are doing comparatively with peer institutions with the same population base
- Measure enrollment to outcomes
- Reward growth and efficiency

7. How can we use the funding model to encourage innovation?

- Historically everyone received an across the board increase. The model should take into account not just a flat increase but should look at an equitable funding first.
- Possibly have a point where funding decreases if an institution is steadily declining over 10 to 15 years
- Flat taxing or flat funding is lazy and not creative and not taking a leadership role. Encourage transformative thinking and reward faculty and staff for trying something new and thinking outside the normal way of thinking.
- We can learn from our failures and learn from each other
- In a fantasy world: if the state had an ultimate plan of where they want to be in 10 years and help the institutions build the types of programs to meet those goals, that would be part of the innovation