

# VCCCS E&G Outcomes- Based Funding Model

October 13, 2017



# History

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- Commonwealth of Virginia established in law a performance-based funding formula, but has not embraced or fully implemented
- VCCS decided to implement an outcomes-based funding model (OBFM) on its own
- Being proactive allowed VCCS to build a model that works for us
- Sends a strong message to elected officials and VCCS board that colleges are committed to improving student success

# Background

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- ✓ OBFM was implemented to:
  - ✓ Align financial policies with strategic goals
  - ✓ Encourage and recognize improved student outcomes
  
- ✓ OBFM had to be:
  - ✓ Simple to understand and to communicate to both internal and external constituencies
  - Sustainable, consistent, and reliable

## Background (continued)

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- ✓ Schedule for phasing in proportion of State Funding dedicated to the OBFM: \_\_\_\_\_

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- ✓ 12% of GF in 2016-17
  - ✓ 14% of GF in 2017-18
  - ✓ 16% of GF in 2018-19
  - ✓ 20% of GF in 2019-20
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- ✓ Amount has to be significant enough to raise awareness and influence actions

## Background (continued)

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- ✓ Outcomes-based funding is separated from the traditional funding model to highlight full impact of outcomes-based funding for both internal and external stakeholders.
- ✓ The OBFM funding pool is distributed based on each college's proportionate share of the total points earned by each college without consideration of factors other than student outcomes.
  - ✓ *It is important that a direct linkage between student outcomes and funding be visible without distortion from other factors in the FTE-based funding model*

# Methodology for Calculating the Performance Funding Pool

## Performance Funding Measures to Recognize Student Progress Towards Completion : **Entry - Math and English**

Category	Measure
Math	Number of <u>developmental</u> math students who successfully complete college level math with a C or better within <u>4</u> semesters of their first enrollment.
Math	Number of <u>college-ready</u> math students who successfully complete college level math with a C or better within <u>3</u> semesters of their first enrollment.
English	Number of <u>developmental</u> English students who successfully complete college-level English with a C or better within <u>4</u> semesters of their first enrollment.
English	Number of <u>college-ready</u> English students who successfully complete college-level English with a C or better within <u>3</u> semesters of their first enrollment.

## Performance Funding Measures to Recognize Student Progress Towards Completion -- Retention

Category	Measure
Retention	Number of <u>full-time</u> fall cohort students who enrolled in the spring of the same academic year.
Retention	Number of <u>full-time</u> fall cohort students who enrolled in the fall of the next academic year.
Retention	Number of <u>part-time</u> fall cohort students who enrolled in the spring of the same academic year.
Retention	Number of <u>part-time</u> fall cohort students who enrolled in the fall of the next academic year.

## Performance Funding Measures to Recognize Student Progress Towards Completion -- Progression

Category	Measure
Progression	Number of the fall cohort students who completed <u>12</u> college credits with a cumulative GPA of 2.0 or higher by the end of the spring of the same academic year.
Progression	Number of fall cohort students who completed <u>24</u> college credits with a cumulative GPA of 2.0 or higher by the end of the spring of the next academic year

## Performance Funding Measures to Recognize Student Progress Towards Completion -- **Completion**

Category	Measure
Awards	Number of students who earn one or more awards within a given academic year (associate degrees, diplomas, certificates, and career studies certificates). Only the single highest award earned by a student in an award year will be included in the Award count
Awards	Number of students from underserved populations (USP) who earn one or more awards within a given academic year. Includes any student who is first generation, minority, or Pell-eligible (as indicated by ISIR as of the award year)

## Performance Funding Measures to Recognize Student Progress Towards Completion -- **Completion**

Category	Measure
Transfer	The number of students that transfer with 16 or more credit hours, but no award. This category includes students who complete the General Education Certificate.
Transfer	The number of students that transfer with 16 or more credit hours and an associate degree or diploma.
Transfer	The number of students that transfer with 16 or more credits and earn a bachelor's degree within 6 years from initial enrollment with the community college.

## Performance Funding Measures to Recognize Student Completion -- Workforce

Category	Measure
Workforce	<p>It is recognized that additional weight should be provided for students in Career/Technical degree, diploma, and certificate programs. Just as some students will earn additional points for the college for transferring to a four-year institution, points should also be awarded to CTE students for job placement and/or improved earnings. It is suggested that once reliable data are available, that points be awarded to a college similar to the transfer points awarded.</p>

# Calculating Weighted Performance Points

## **Weights:**

- Weights balance the importance of the metric to the student's success with the amount of effort it takes the college to get the student to that point.
- The metrics and weights also intend to take into account the existing enrollment-based distribution model.
- Students will earn points for the college as they progress through their academic career. For example: a student that progresses from the Fall to the next Fall might earn half a point for the college; when that student earns an award from the college, the student will earn another 1.5 points for finishing a degree.

## Review of Metrics and Weights – Rewarding Student Progress

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**“Points” are earned based on the number of students in each category. Students:**

- ✓ Who complete **college-level math** or **English** earn .5 points in each category;
- ✓ Who count for **progression** and **retention** earn .5 points in each category;
- ✓ Whose highest **award** earned is an eligible certificate earn 1 point;
- ✓ Whose highest **award** earned is an associate degree or diploma earn 1.5 points
  - ✓ Students can only earn points for a single award in a given year (the highest award received);
- ✓ Who earn an eligible **award** and are also from an under-served population earn an additional .5 points;
- ✓ Who **transfer** with 16 credit hours earn 1 point;
- ✓ Who **transfer** with an associate degree or diploma earn .5 points (these students are counted in the Awards category as well);
- ✓ Who **transfer** and later earn a bachelor’s degree then earn .5 points.

# Transition Agreement

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- ✓ OBFM was designed to focus on strategy and then a transition plan was developed
- ✓ The net shortfall in a college's total budget is capped at no more than 1%
- ✓ Commitment to review OBFM in third year (FY 19) to determine 1) how and when supplemental support will be phased out and 2) if any changes are needed

# Implementation

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# Funding Allocation

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- ✓ First year (FY17) - \$42 million distributed through OBFM
  - ✓ Fortunately, some additional state funding was available to add to the pool
  - ✓ 13% of state funding, 4.8% total E&G budget
  
- ✓ Second year (FY18) - \$45 million distributed through OBFM
  - ✓ Unfortunately, state funding was cut, but VCCS maintained roll-out schedule and increased funding in the pool
  - ✓ 14% of state funding, 5.3% total E&G budget

# FY 2017 Results

Performance Funding Metric	Performance on Metrics (Rates for Entry/Retention/Progression and Numbers for Completion)					2017 College Funding Model Points	
	VCCS Total			VCCS		College Points	% Total VCCS Points
	2015 (Baseline)	2017 (Year 2)	2-Year Change	2017	College Comparison		
<b>ENTRY</b>							
Mathematics (Developmental)	13.0%	14.1%	1.1%	14.1%	0.0%	683.5	100.00%
Mathematics (College Ready)	45.6%	49.4%	3.8%	49.4%	0.0%	3970.5	100.00%
English (Developmental)	32.3%	30.2%	-2.1%	30.2%	0.0%	319	100.00%
English (College Ready)	63.8%	66.4%	2.6%	66.4%	0.0%	7867	100.00%
<b>RETENTION AND PROGRESSION</b>							
Full-time Fall-to-Spring	87.0%	87.1%	0.1%	87.1%	0.0%	7122	100.00%
Full-time Fall-to-Fall	63.3%	64.9%	1.6%	64.9%	0.0%	5301	100.00%
Part-time Fall-to-Spring	64.2%	66.6%	2.4%	66.6%	0.0%	3147	100.00%
Part-time Fall-to-Fall	42.8%	43.4%	0.6%	43.4%	0.0%	2050	100.00%
Progress (12 Credit Hours)	46.7%	52.4%	5.7%	52.4%	0.0%	7083	100.00%
Progress (24 Credit Hours)	41.5%	45.2%	3.7%	45.2%	0.0%	6115.5	100.00%
<b>COMPLETION</b>							
Awards (Overall)	22,882	24,119	1,237	±	--	33426.5	100.00%
Awards (Under-served)	15,224	16,181	957	--	--	8090.5	100.00%
Transfer (16 Credit Hours)	9,163	9,387	224	--	--	9387	100.00%
Transfer (with Associate Degree)	5,153	5,323	170	--	--	2661.5	100.00%
Transfer (Graduate from 4-Year)	16,074	18,866	2,792	--	--	9433	100.00%

**Notes:**

- (1) 2-Year percentage point and count changes for college are based on observed changes relative to the VCCS Performance Funding Metrics between the Baseline (2015) and 2017 VCCS analyses.
- (2) College Comparison percentage point differences are based on differences between 2017 college performance on the given VCCS Performance Funding Metric and average performance across all VCCS colleges in 2017.
- (3) Performance on the metrics under the categories of Entry and Retention and Progression are reported as rate (percentages), while performance on metrics under the category of Completion are reported as counts (numbers). This difference is due to the nature of the metrics.
- (4) For information related to funding, the % of VCCS Points refers to the number of college points on that metrics relative to overall VCCS points. For reference, collegere presents a proportion of total FTES, and would thus receive that percentage of VCCS points if performing as expected for its size.
- (5) See Definitions Tab for details on metric definitions, points, and cohorts.

Sources: PFM Baseline Report (January 8, 2016) and PFM Spring 2017 Update (May 2017).

# Using the OBFM

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- ✓ OBFM is part of student success initiatives being implemented
- ✓ Model metrics highlight and reinforce progress that needs to be made
- ✓ Chancellor reviews results with each president in annual evaluation
- ✓ VCCS continues to work on effective ways to report results

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**QUESTIONS?**