



650 W. State Street • Room 307 • Boise, ID • 83702
P.O. Box 83720 • Boise, ID • 83720-0037

Higher Education Task Force Funding Formula Sub-Committee May 8, 2017 Meeting Summary

Overview: The second meeting of the “Funding Formula” Work Group took place on 8 May 2017 from 1:00pm to 5:00pm in the Clearwaters Conference Room in the Len B. Jordan building. Co-chair Wendy Jaquet presided, assisted by co-chair Andy Scoggin. The focal points of the meeting were an overview of Outcomes-Based Funding (OBF) approaches used by other states and discussion on possible strategies for introducing OBF elements into Idaho’s higher education funding process. Upon conclusion of discussion, the co-chairs agreed to meet to develop general guidelines on OBF to be fleshed out as the Work Group continues its efforts. The next meeting of the Work Group is scheduled for 8 June.

Meeting attendees (in-person as well as phone-in participants) for this meeting are posted on the SBOE HETF/Funding Formula website.

1. Review of earlier HETF and WG#3 discussions: Co-chair Jaquet briefly reviewed topics highlighted during the previous meetings of the HETF (17 March) and WG#3 13 April, including a review of the State’s “60%” goal and barriers to achieving the goal. There was also brief discussion of on-line course/program costs and pricing. Board staff provided background on the reference documents provided as read-ahead materials for the team members, including overviews of OBF methodologies in other states (Tennessee, Ohio, Indiana) which were among the processes previously studied during the development of the Board’s earlier OBF proposal.
2. Guest Presenters: The group received overviews on other states’ OBF models from:
 - a. Andrew Rauch, Lead Finance Analyst, Colorado Department of Higher Education
 - b. Tyler Trevor, Deputy Commissioner for Planning & Analysis, Montana Office of Commissioner of Higher Education.
3. Colorado approach/lessons learned: Andrew Rauch noted that their effort had succeeded, in part, because it had been mandated by the Legislature (it was not

developed as a Governor's initiative). They incorporate all public higher education institutions in the OBF process, and they have mechanisms (payoff schemes) which recognize the different missions of their institutions. They launched their effort with an 11% increase in state funding. In addition to output and workload factors, their model also attempts improve remediation. One means by which institutions have "skin in the game" is through the state's linking of OBF performance to tuition increases or caps. The state built in "guard rails" to prevent damages to individual institution's support when there were production downswings. The process weights types of degrees and incentivizes progress made by some underserved student populations. One of the benefits of the new approach cited by Mr. Rauch is that the payout model under OBF is much more "transparent" to lawmakers than the previous base-plus approach which was very opaque.

4. Montana approach/lessons learned: Tyler Trevor reported that Montana had tied the first phase of their OBF effort (a \$15M increase equal to 8% of the higher education appropriation) to a tuition freeze agreement. Their effort was led by their higher education system office. Montana overlaid their OBF approach on top of their previously-existing base-plus funding. Payoffs each year are based on the previous year's results/output. Trevor emphasized the paramount importance of keeping the model simple—it needs to be articulated in a few sentences and easily understood by legislators and faculty members and other interested parties.
5. Implications for an Idaho OBF system: Following the guest presentations and Q&A, the Work Group turned its attention to possible components and procedures for introducing OBF elements into Idaho's higher education funding process. The group acknowledged that any new system should incentivize improved production/attainment. There was discussion on the need for additional funding for higher education institutions after a number of lean years of state funding, and to minimize the burden on needy students and their families. Members noted that this was an opportunity for a multi-year, sustained effort to make a major change in the higher education funding model, including a move away from the discredited Enrollment Workload Adjustment model which had not been able to secure lawmaker's continuing support. The group also discussed the possible impact of an OBF request in FY2019 on institution's line item requests.
6. Next steps: Wide-ranging discussions concluded with the co-chairs obtaining the Group's approval to meet off-line and develop a series of points/guidelines that could be fleshed out by the Group, with staff support as needed. The group anticipates that an OBF-related proposal would be forwarded for consideration to the HETF plenary group for consideration as one of the Task Force's recommendations to the Governor.

Upcoming Meetings

The next meeting of Work Group #3 is scheduled for June 8, 2017. Details to be provided.