

FUNDING SUBCOMMITTEE GUIDING PRINCIPLES

1. Funding Formula Should:
 - a. Incentivize accelerated progress toward the 60% degree/certificate/job readiness goal.
 - b. Be crafted to support the initiatives of the other Higher Education Subcommittees.
 - c. Recognize the unique missions of individual institutions
2. Funding Should Drive “Game Changing” Results Rather than Incremental Movement from the Status Quo.
3. Funding Structure Should Require “Skin in the Game” from All Key Constituencies:
 - a. The amount of existing base funding to the institutions at risk of redistribution based on results should be meaningful; i.e. in the 5% - 25% range
 - b. The Legislature will need to also provide increased funding to obtain game changing results
4. Funding Structure Should Include a “Stop Loss” to Prevent An Institution From Unsustainable Reduction in Funding In Any Given Year.
5. Funding Structure will Increase Both Base Funding and “At-Risk” Percent of Funding Each Year Over a Longer Time Horizon Based On A Multi Year Funding Plan.
6. The Funding Structure Will Have Clear Defined Metrics To Trigger Increased or Decreased Funding to Institutions
 - a. Degrees and certificates bestowed
 - b. STEM/other desirable degrees may be weighted higher
 - c. Inclusion of underrepresented groups incentivized
 - d. State Board Will Monitor Quality of Degree Production
 - e. There Will Be Ongoing Monitoring and Adjusting of Funding Structure To Avoid Unintended Consequences

BACKGROUND/SUPPORTING PRINCIPLES

The Funding Subcommittee reviewed and drew from:

- The work performed by the State Board of Education in the past year.
- Outcomes based funding programs implemented by other states including Montana, Colorado, Indiana, Ohio and Tennessee.
- Third Party research done by reputable groups
- Guidance from Committee Chairs
- Input from Governor's Office and Legislative representatives