State Share of Instruction

David J. Cummins
Vice Chancellor, Finance & Data Management

Jeff Robinson
Director of Communications

June 6, 2019
Background

• Prior state funding models for colleges and universities were mainly driven by enrollment and size of the campus
  ◦ Access and funding stability were emphasized more than student success

• Over the last decade, Ohio institutions were pushed to adjust to the growing emphasis on student success – ranging from retention and degree completion to other outcomes

• Major Factors to Consider
  ◦ Diversity of students in background and preparation
  ◦ Various missions of higher education institutions
  ◦ Balance State’s role in funding performance, relative to state priorities, versus stability
Process

• The expectation to move from funding enrollments to outcomes was set by the Chancellor and Governor

• Over two biennial consultations, colleges and universities were given clear direction on the priorities, but a lot of discretion on how to achieve outcomes-based funding
  ◦ Degree completion
  ◦ Course completion
  ◦ Retention
  ◦ Protection of under-represented populations

• Each sector worked separately on its formulas

• DHE was engaged as subject matter expert to advise on the data available, methodology, and estimated fiscal impact of various scenarios
**SSI Components**

There are several components of the State Share of Instruction (SSI) allocation calculation intended to add accountability and focus on outcomes:

<table>
<thead>
<tr>
<th></th>
<th>Universities</th>
<th>Community Colleges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Degree Completion</td>
<td>50%</td>
<td>25%</td>
</tr>
<tr>
<td>Course Completion</td>
<td>30.3%</td>
<td>50%</td>
</tr>
<tr>
<td>Success Points</td>
<td>0%</td>
<td>25%</td>
</tr>
<tr>
<td>Doctoral Set-aside</td>
<td>11.8%</td>
<td>0%</td>
</tr>
<tr>
<td>Medical</td>
<td>7.9%</td>
<td>0%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
SSI Components

FY 2019 Allocation of SSI

- Course Completions: 33%
- At-Risk Course Completions: 2%
- Completion Milestones: 38%
- Set-Asides: 15%
- Success Points: 6%
- At-Risk Completion Milestones: 6%
State Share of Instruction (SSI)

- Each course is assigned to one of 26 cost models based on subject area and level of instruction:
  - Arts & Humanities (1-6)
  - Business, Education and Social Sciences (1-7)
  - Science, Technology, Engineering, Math and Medical (1-9)
  - Doctoral (1-2)
  - Medical (1-2)

- Per the recommendation of an earlier funding consultation, weights were added to the STEMM and graduate-level models to hold those programs harmless.
Degree Completion

DHE calculates the cost of degrees using the statewide average cost of the SSI model for each course taken

- Total cost of courses taken by students earning that degree in the three previous years are summed and averaged
- Includes any course taken at a public campus by eligible students

Each institution earns its share of the statewide total sum of all of those calculations multiplied by the funds allocated for degree completion
At-Risk Weights for Degree Completion - Universities

• Five Factors; 32 Possible Outcomes (including no risk)
  ◦ Academic
  ◦ Financial
  ◦ Age
  ◦ Race
  ◦ First-generation Student

• Calculate eight-year degree completion rate of at-risk students

• Assign weight to each risk factor
Access Factors for Degree Completion – Community Colleges

• Four Factors
  ◦ Academic
  ◦ Financial
  ◦ Age
  ◦ Race

• Provide 25% weight for one factor, 66% for two, 150% for three and 200% for four factors
Course Completion

• DHE calculates the subsidy earnings by model based on the prior three-year average FTE’s that successfully complete each course multiplied by the “Model Reimbursement Cost”
  ◦ 30 SCH = 1 FTE

• To determine the state funding level, DHE multiplies the sum of the earnings by the Uniform State Share
  ◦ The Uniform State Share is the percentage that allocates the state appropriation for course completions
At-Risk Weights for Course Completions - Universities

• Two Factors
  ◦ Academic
  ◦ Financial

• At-Risk Weight – Statewide, by model
  ◦ The difference between completion of traditional students versus completion rates for at-risk students

• At-Risk Index - Varies by campus based on specific demographics
  ◦ Captures magnitude of the at-risk population at each campus in all combinations of at-risk categories
Access Factors for Course Completions – Community Colleges

• Four Factors
  ◦ Academic
  ◦ Financial
  ◦ Age
  ◦ Race

• Provides 15% weight for any student that has at least one access factor
Success Points

• Community Colleges earn Success Points for each student:
  ◦ Completing 12 credit hours
  ◦ Completing 24 credit hours
  ◦ Completing 36 credit hours
  ◦ Completing developmental math, and within one year completing college-level math
  ◦ Completing developmental English, and within one year completing college-level English

• Each community college receives its share of Success Points multiplied by 25% of the SSI allocated to its sector
University Set-asides

Doctoral - share of university SSI: 11.8%
- Historic Enrollment - 25%
  - Moving to most current three-year average
- Degree Cost - 50%
  - Share of statewide doctoral degree costs
- Research Expenditures - 25%
  - Share of eligible statewide R&D expenditures

Medical - shares of university SSI:
- Six public medical schools - 6.4%
- OSU Dentistry and Veterinary Medicine - 1.5%
Timeline: FY’s 2010-11 Biennium

- Initiated separate formulas for universities, regional campuses and community colleges
  - Universities moved from attendance to course completions and began phase-in of degree completion – 10% by 2011
  - Financial at-risk factor used at university and regional campuses
  - CC’s funded FTE’s (attendance) and began phasing in “success” component – 5% by FY 11
  - Stop-loss being phased out for all sectors – 98% by FY 11
Timeline: FY’s 2012-13 Biennium

• Continue separate formulas for universities, regional campuses and community colleges
  ◦ Universities continue phase-in of degree completion – 20% by FY 13
  ◦ Universities add Academic at-risk factor to course completions, and Academic, Race and Age to at-risk factors to degree completions – 16 permutations of at-risk combinations (factors include both statewide average and campus indexes)
  ◦ CC’s funding FTE’s (attendance) and phasing in “success” component – 10% in FY 13
  ◦ Stop-loss being phased out for all sectors – 96% by FY 13
Timeline: FY’s 2014-15 Biennium

- Regional campus earnings incorporated into university allocations
  - Universities’ degree completion is 50% of SSI beginning FY 14
  - Regional campus enrollment based on 100% course completion
  - Begin phase-out of SSI for developmental courses at most universities
  - Institutions moving from course completion rates to actual completions
  - By FY 15, CC’s funding divided between 50% course completions, 25% milestone completions (degree, certificate, transfer) and 25% Success Points
  - CC’s add at-risk factors of financial, race and age
  - Stop-loss is eliminated (after FY 14 for CC’s), institutions funded based on three-year averages rather than two- or five-year averages of the past
Timeline: FY’s 2016-17 and FY’s 2018-19 Biennia

• Adjustments and improvements made to performance-funding models, few significant changes
  ◦ CC’s add academic preparation at-risk factor in FY 16
  ◦ Universities complete phase-out of earmarks and space protection in FY 17
  ◦ Phase out of SSI for developmental courses at most universities completed in FY 19
  ◦ Universities add first-generation status at-risk factor for degree completions – 32 permutations of at-risk combinations – in FY 18
Takeaways

• Impact
  ◦ Degree completion: Number of degrees awarded per year growing while enrollment is falling

The number of degrees and certificates awarded increased by **20,196** (22%) from FY11 to FY17
Takeaways

- Impact
  - Retention at Ohio’s public colleges and universities is improving

![First-to-Second Year Retention](image)
Takeaways

• SSI is an allocation formula, not a funding formula: Earnings are a fraction of the total cost calculation based on appropriation level
• SSI is a zero-sum game, have to perform – grow enrollment, increase degrees awarded – faster than other institutions to increase funding to your campus
• 26 Models – the higher the subsidy the higher the cost of instruction (see first point)
• At-risk students generate more funding because they are less likely to succeed
  ◦ Weights based on chance of success, not additional cost to serve
Takeaways

- Separate formulas allow for recognition of separate missions of the sectors
- Several long-term SSI concepts continued
  - Existing cost models utilized
  - Modeled costs based on statewide averages
  - Enrollments based on three-year averages to moderate changes in earnings from year to year
Takeaways

Challenges of Evaluating Impact:

- Are First-Time, Full-Time, Degree Seeking Students a good measure for all campuses?
- How long should it take to see measurable results?
- Does Outcomes-Based Funding provide incentives to institutions or students?
- How does “zero-sum game” and declining state share of support impact effectiveness of OBF?
Questions?