DRIVING BETTER OUTCOMES:

FISCAL YEAR 2016 STATE STATUS & TYPOLOGY UPDATE

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INTRODUCTION

The 2015 report *Driving Better Outcomes: Typology and Principles to Inform Outcomes-Based Funding Models,*[1] released by HCM Strategists, established a comprehensive typology of outcomes-based funding (OBF) systems and a state-by-state classification of funding systems according to the typology. This 2016 update of *Driving Better Outcomes* provides an enhanced typology informed by continued engagement with state policymakers and promising practices as well as updated state-by-state data. The state-by-state assessment includes funding components by sector and 2016 funding distributions, as well as a detailed breakdown of overall funding by sector for five states with advanced OBF models in place today. This component analysis is designed to allow for a better understanding of the magnitude and direction of incentives at institutions from the combination of tuition, external student financial aid and direct state aid to institutions. Changes in state funding systems are highlighted, including an overview of OBF models being implemented and states where OBF models have been developed or initiatives are underway.

CONSIDERATIONS FOR OBF TYPOLOGY

The enhanced classification system outlined below is used to assign states' FY 2016 OBF models a "type" according to their level of sophistication and adherence to promising practices. The following critical areas have been identified and are included in the typology:

- Established completion or attainment goals and related priorities;
- Stable *and formula-driven* funding structure (base funding);
- Significant level of funding;
- Inclusion of all public institutions in both two-year and four-year sectors;
- Differentiation of metrics and their associated weights by sector;
- Prioritization of underrepresented students; and
- *Sustained funding over consecutive years*.

These typology characteristics reflect commonly articulated and research-informed design and implementation principles and together enable a broad analysis of state OBF policies. The *italicized* portions are new to the typology assessment, and they reflect the importance of predictable and understandable funding systems in institutional planning and efforts to improve student success. Institutional investments associated with increased student success, such as predictive analytics, intrusive intervention systems, advisors, guided pathways and other practices, are long-term in nature and require a predictable and rationalized funding environment.

TYPOLOGY OF STATE OBF POLICIES

The typology of state OBF policies outlines the escalating level of significance and sophistication of funding policies, ranging from Type I to Type IV systems. Type I systems are rudimentary in nature and may be pilot efforts that do not have significant levels of funding, are likely to share features with earlier performance-funding models and minimally link the state's finance policy with completion and attainment goals. Type II and III systems represent increasing degrees of development and adherence to promising practices. Type IV systems are the most robust and reflect strong alignment between the state's completion and attainment agenda and finance policy. These systems include significant and stable funding, full institutional participation, differentiation by metrics and institutional sector, prioritization of both degree/credential completion and outcomes for underrepresented students.

	Typical Characteristics Note: Some states may meet most but not all criteria States that do not meet all criteria for a particular type are assigned a lower type *Italicized elements are primary differences from prior level*
Type I	• State may have completion/attainment goals and related priorities • Model reliant on new funding • Low level of funding (under 5%), based on statewide analysis • Some or all institutions in one sector included • No differentiation in metrics and weights by sector • Degree/credential completion not included • Outcomes for underrepresented students not prioritized • Target/recapture approach • May not yet have been sustained for two or more consecutive fiscal years
Type II	• State may have completion/attainment goals and related priorities • ***Recurring dollars/base funding at least portion of funding source*** • Low level of funding (under 5%), based on statewide analysis • All institutions in one sector included, or some institutions in both sectors • No differentiation in metrics and weights by sector, or may not be applicable (if operating in only one sector) • ***Degree/credential completion included*** • Outcomes for underrepresented students may be prioritized • Target/recapture approach likely • May not yet have been sustained for two or more consecutive fiscal years

Type III	• State has completion/attainment goals and related priorities • Recurring dollars/base funding at least portion of funding source • ***Moderate level of funding (5-24.9%), based on statewide analysis*** • ***All institutions in all sectors included*** • Differentiation in weights and metrics by sector likely • ***Outcomes for underrepresented students prioritized*** • May not be formula-driven • Not sustained for two or more consecutive fiscal years
Type IV	• State has completion/attainment goals and related priorities • ***Recurring dollars/base funding*** • ***High level of funding (above 25%) based on statewide analysis*** • All institutions in all sectors included • Differentiation in metrics and weights by sector • Degree/credential completion included • Outcomes for underrepresented students prioritized • ***Formula-driven*** • ***Sustained for two or more consecutive fiscal years***

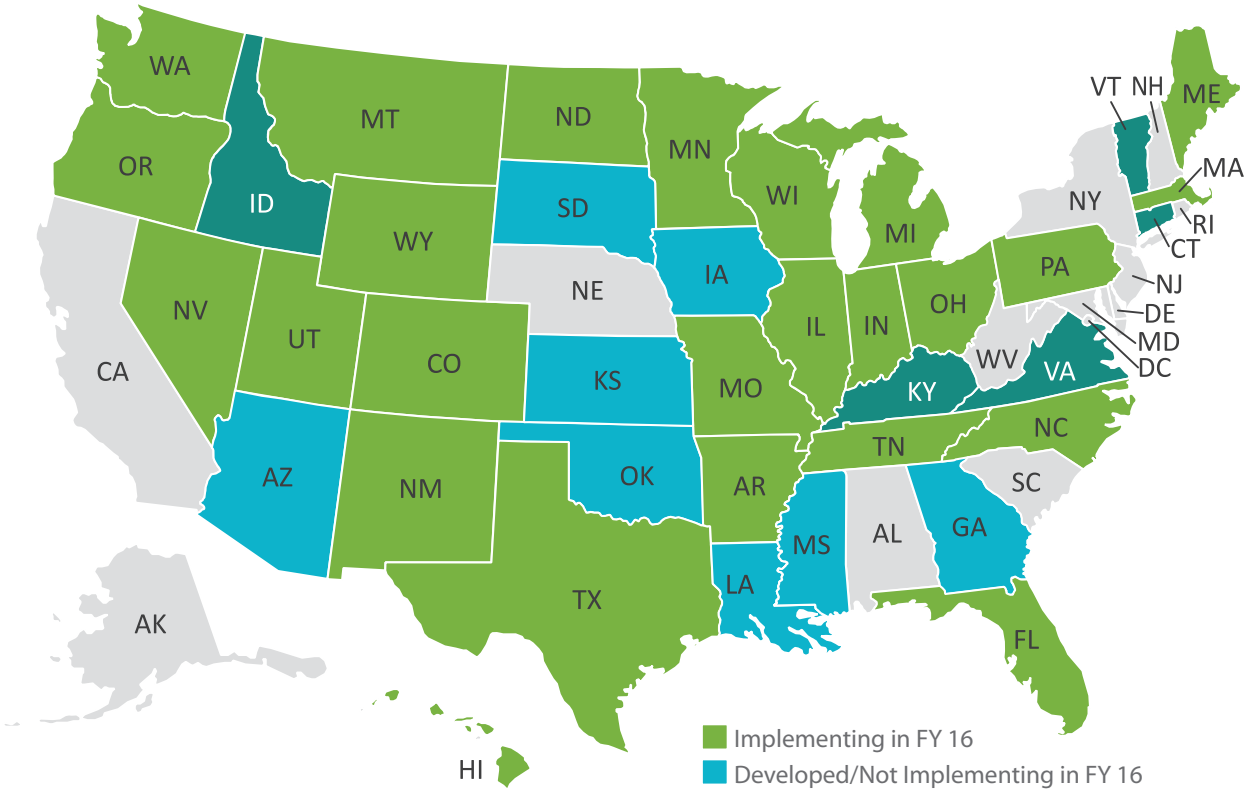
STATUS OF OBF IN THE STATES

As of Fiscal Year 2016[1], 30 states (60 percent) are developing (7 states) and/or implementing (25 states) OBF policies[2], with great variance in the critical elements included in the typology and reflected in the associated design and implementation principles. The maps that follow depict state policies as of January 2016 according to implementation status. **Figure 1** shows which states have implemented (i.e., allocated funding to) OBF and which states are developing or have developed but not yet implemented an outcomes-based funding formula. **Figure 2** highlights states that are implementing OBF by type, and which sectors are covered by the OBF system. **Figure 3** shows states that have developed or are developing OBF but have not yet implemented the policy, and sector participation is denoted. In both figures, states were classified by type according to what is currently known about their plans; in some instances, a lower type assignment in **Table 1** may reflect a lack of information rather than a weak or embryonic policy. Some states also plan to start with more limited participation and functionality, with the intent to expand and refine over time.

1 According to data collected as of January 2016.

2 Hawaii and Arkansas are counted as both developing and implementing states. Hawaii has an implemented OBF in its two-year sector and is developing an OBF model in its four-year sector. Arkansas has OBF for both its two-year and four-year sectors and is currently in the developing phase of a more advanced OBF model.

Figure 1. Outcomes-Based Funding in States in FY 16



HI: *Hawaii has implemented an OBF model for its two-year sector and is developing an OBF model for its four-year sector in FY 17*
AR: *Arkansas has implemented a Type III OBF model and has formed a work group to develop a more advanced OBF model*

Figure 2. States Implementing OBF, by Type and Sector

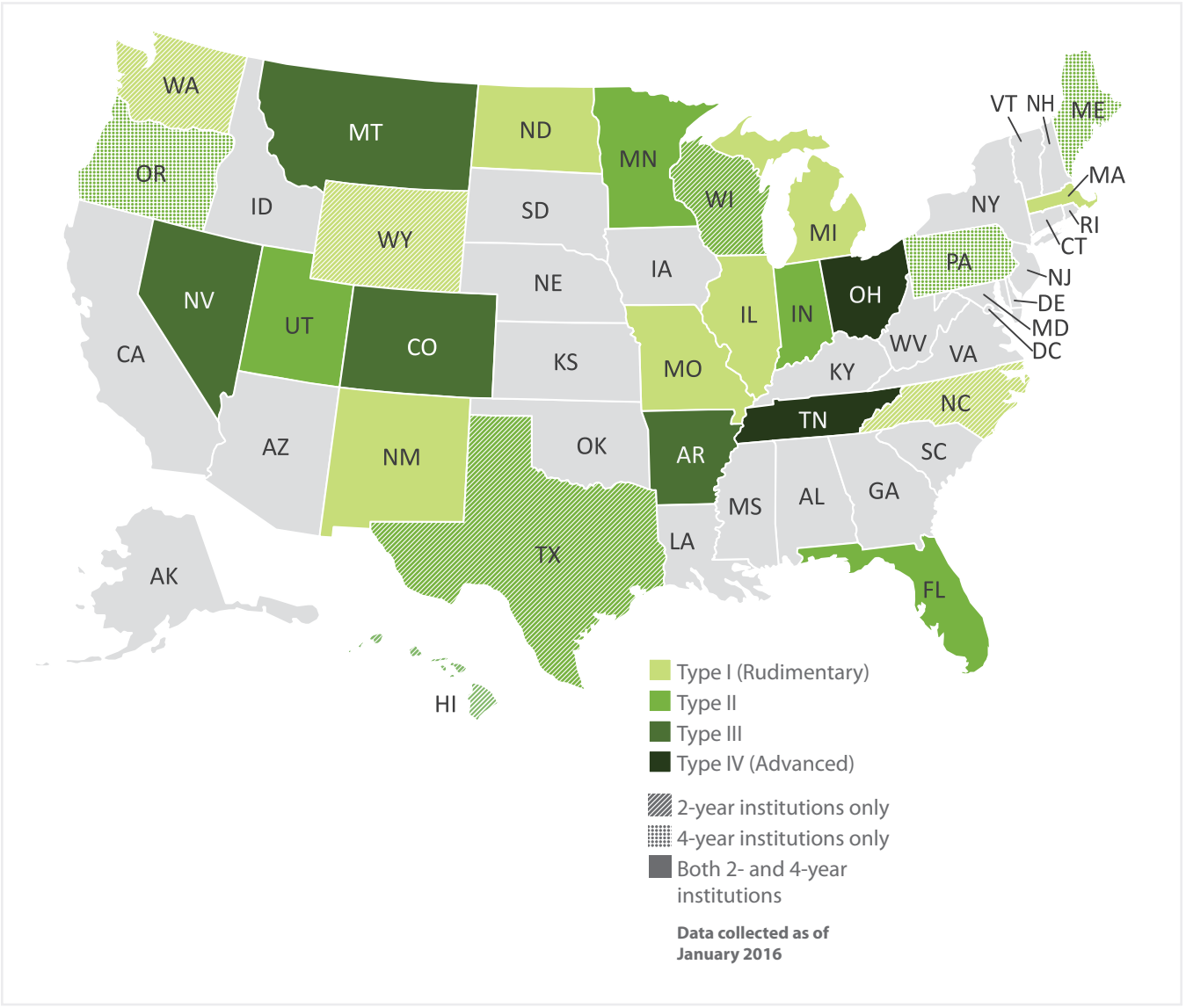
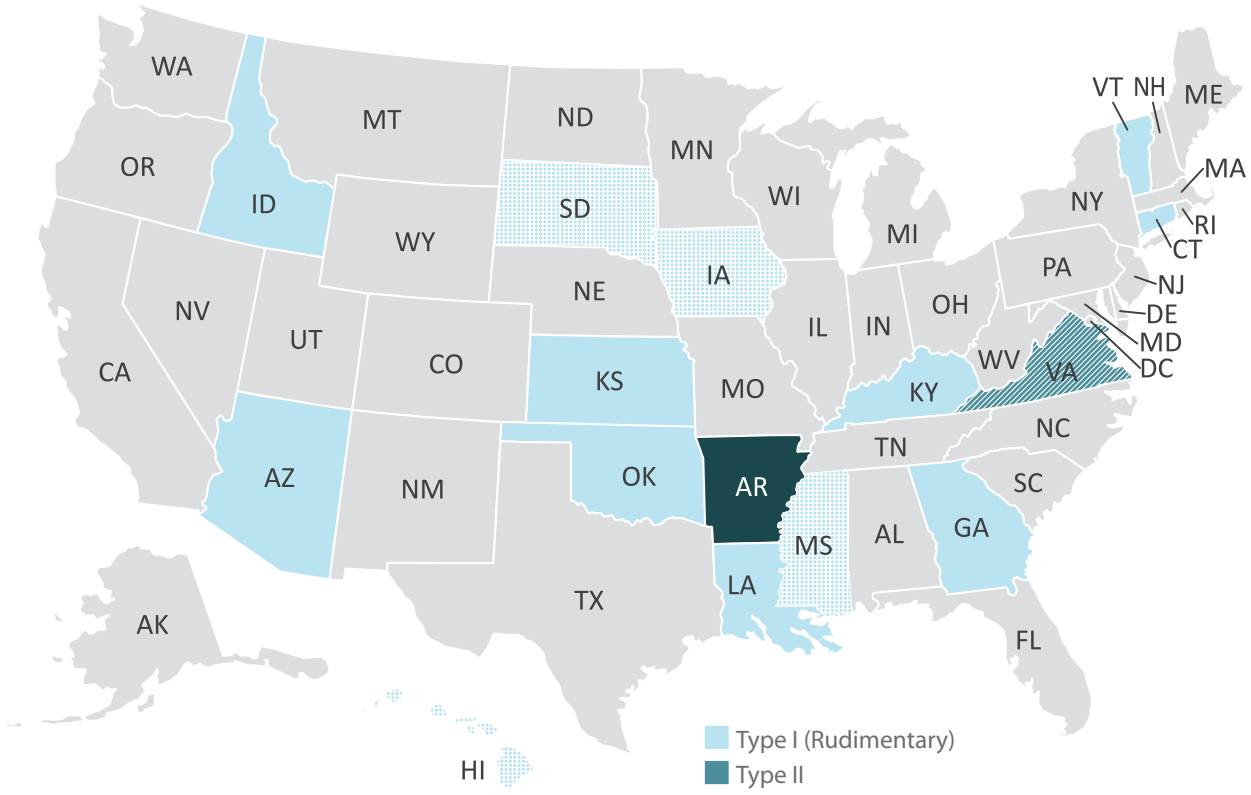


Figure 3. States Developing OBF, by Type and Sector



OK: *Previously implemented but have not allocated any money to their outcomes-based funding model for two consecutive fiscal years*
GA and KS: *Developed a model but never implemented*
AZ, LA, MS: *Abandoned the model to address other issues (e.g. equity) or put in place a hold-harmless*
SD: *Four-year sector previously funded a pilot OBF system but was not continued*
HI: *Has implemented OBF in its two-year sector and is developing OBF in its four-year sector*
AR: *Previously implemented Type III OBF system in both sectors and is currently developing a more advanced OBF system*

Data collected as of January 2016

OBF TYPOLOGY BY STATE

The following section provides detailed OBF typology information on a state-by-state basis. Only those states with OBF systems are included in the matrix. There is great variation in funding model designs between states and even within states by sector; high-level differences are captured below. The data table includes information on key model characteristics, including whether two-year or four-year institutions are included, specific OBF characteristics, sustainability of the model and whether the OBF model is formula-driven or a target/recapture system.

Table 1. OBF Typology by State in FY 2016

State	Status in FY 16 (e.g. Developing/Implementing)	Status in FY 15 (e.g. Developing/ Implementing/ Neither)	FY 15 Type	FY 16 Type	Linked to State Goals	Recurring (base) or New Dollars	Funding Level*	Two-Years Included	Four-Years Included	Differentiation by Sector	Degree/ Credential Completion Included	Underrepresented Students Prioritized	Sustainability (Implementing for 2 or more years)	Formula Driven or Target/ Recapture
AR	Impelmenting and Developing	Implementing	III	III	Yes	Recurring	Moderate	Yes	Yes	Yes	Yes	Yes	Yes	Target/ recapture
CO	Implementing	Developing	Developing	III	Yes	Recurring	High	Yes	Yes	Yes	Yes	Yes	No	Formula
FL	Implementing	Implementing	I	II	No	Both	Moderate	Yes	Yes	Yes	Yes	No	1	Target/ recapture
HI	Implementing	Implementing and Developing	II	II	Yes	Recurring	Low	Yes	Developing	N/A	Yes	Yes	Yes	Target/ recapture
IL	Implementing	Implementing	I	I	Yes	Recurring	Low	Yes	Yes	Yes	Yes	Yes	Yes	Formula
IN	Implementing	Implementing	III	II	Yes	Both	Low	Yes	Yes	Yes	Yes	Yes	Yes	Formula
MA	Implementing	Implementing	II	I	Yes	New dollars	Low	Yes	Yes	Yes	Yes	Yes	2	Formula
ME	Implemenitng	Implementing	II	II	Yes	Recurring	Moderate	No	Yes	N/A	Yes	No	Yes	Formula

Table Notes:

* Low (0-4.99%); Moderate (5-24.99%); High (25%+)

[1] Yes — Four-year sector only.

[2] Yes — Two-year sector only.

[3] Yes — Four-year sector only.

[4] Yes — University of Minnesota System only.

[5] Both — OBF system used to distribute funding increases, which become recurring portion of base.

State	Status in FY 16 (e.g. Developing/Implementing)	Status in FY 15 (e.g. Developing/ Implementing/ Neither)	FY 15 Type	FY 16 Type	Linked to State Goals	Recurring (base) or New Dollars	Funding Level*	Two-Years Included	Four-Years Included	Differentiation by Sector	Degree/ Credential Completion Included	Underrepresented Students Prioritized	Sustainability (Implementing for 2 or more years)	Formula Driven or Target/ Recapture
MI	Implementing	Implementing	I	I	Yes	New dollars	Low	Yes	Yes	Yes	Yes	3	Yes	Formula
MN	Implementing	Implementing	I	II	Yes	Recurring	Moderate	Yes	Yes	Yes	Yes	4	No	Target/ recapture
MO	Implementing	Implementing	I	I	Yes	New dollars	Low	Yes	Yes	Yes	Yes	No	Yes	Target/ recapture
MT	Implementing	Implementing	II	III	Yes	Recurring	Moderate	Yes	Yes	Yes	Yes	Yes	Yes	Target/ recapture
NC	Implementing	Implementing	I	I	No	New dollars	Low	Yes	No	N/A	Yes	No	Yes	Formula
ND	Implementing	Implementing	I	I	Yes	Recurring	High	Yes	Yes	No	No	No	Yes	Formula
NM	Implementing	Implementing	I	II	No	5	Moderate	Yes	Yes	Yes	Yes	Yes	Yes	Formula
NV	Implementing	Implementing	III	III	Yes	Recurring	High	Yes	Yes	Yes	Yes	Yes	Yes	Target/ recapture
OH	Implementing	Implementing	IV	IV	Yes	Recurring	High	Yes	Yes	Yes	Yes	Yes	Yes	Formula

Table Notes:

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[1] Yes — Four-year sector only.

[2] Yes — Two-year sector only.

[3] Yes — Four-year sector only.

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State	Status in FY 16 (e.g. Developing/Implementing)	Status in FY 15 (e.g. Developing/ Implementing/ Neither)	FY 15 Type	FY 16 Type	Linked to State Goals	Recurring (base) or New Dollars	Funding Level*	Two-Years Included	Four-Years Included	Differentiation by Sector	Degree/ Credential Completion Included	Underrepresented Students Prioritized	Sustainability (Implementing for 2 or more years)	Formula Driven or Target/ Recapture
OR	Implementing	Implementing	I	II	Yes	Recurring	Low	No	Yes	N/A	Yes	Yes	Yes	Formula
PA	Implementing	Implementing	II	II	Yes	Recurring	Low	No	Yes	N/A	Yes	Yes	Yes	Target/ recapture
TN	Implementing	Implementing	IV	IV	Yes	Recurring	High	Yes	Yes	Yes	Yes	Yes	Yes	Formula
TX	Implementing	Implementing	II	II	Yes	Recurring	Low	Yes	No	N/A	Yes	Yes	Yes	Formula
UT	Implementing	Implementing	II	II	Yes	Both	Low	Yes	Yes	Yes	Yes	Yes	Yes	Formula
WA	Implementing	Implementing	I	I	Yes	New dollars	Low	Yes	No	N/A	Yes	No	Yes	Formula
WI	Implementing	Implemeting	II	II	Yes	Recurring	Low	Yes	No	N/A	Yes	Yes	Yes	Formula
WY	Implementing	Implemeting	I	I	No	Recurring	Low	Yes	No	N/A	No	No	Yes	Formula

Table Notes:

* Low (0-4.99%); Moderate (5-24.99%); High (25%+)

[1] Yes — Four-year sector only.

[2] Yes — Two-year sector only.

[3] Yes — Four-year sector only.

[4] Yes — University of Minnesota System only.

[5] Both — OBF system used to distribute funding increases, which become recurring portion of base.

STATES INCREASING FOCUS ON OBF POLICIES

Between FY 2015 and FY 2016, Colorado, Florida, Montana and Oregon implemented more sophisticated OBF models. Each state includes varying levels of best practices within its outcomes-based funding model, but each has increased its focus on aligning state funding policy with completion and attainment goals. An overview of each state is provided below.

COLORADO

(From Type III to Type IV)

The Colorado Legislature adopted funding for public colleges and universities using a new OBF formula for FY 2016. This formula includes completion funding based on the number of transfer students and certificates and degrees conferred at all levels, from associate to doctoral degrees. Cost-weighted course completions, dedicated funding for Pell-eligible students and a tuition stability factor also are included within the model. The formula was developed in response to HB 14-1319, which required the Colorado Department of Higher Education to undertake a comprehensive development process, which was led by an Executive Advisory Group, composed of the lieutenant governor, institution leaders and community members. Institutional governing boards unanimously supported the model.[2]

FLORIDA

(From Type I to Type II)

The Florida Legislature for FY 2016 implemented an OBF funding formula for Florida College System institutions including four measures:

- Job placements,
- Completion rates,
- Retention rates, and
- Completer entry level wages.

Total funding for the OBF model is $40 million, half of which is additional funding; the other half is a proportional withholding from each college's base funding. Funding can be withheld if a college does not hit its target, and can be earned back through the development and implementation of improvement plans that focus on demonstrable outcomes and rely on evidence-based practices.[3]

MONTANA

(From Type II to Type III)

Montana University System institutions, which include two-year and four-year public institutions, will receive a portion of their total allocation for FY 2016 based on performance goals. The performance funding pool includes $15 million each year, for a total of $30 million over the biennium. Montana's funding model includes metrics delineated by institution type, consisting of three categories for the flagship institutions, four-year regional universities and two-year colleges. Metrics at all institutions include undergraduate degrees and certificates conferred as well as retention rates; additional weights focus on underrepresented or at-risk populations. Dual enrollment, credit accumulation and remedial education are included at the two-year institutions, while graduate degrees and research expenditures are included for the two flagship institutions. The model is structured such that each institution has a set of performance goals. If an institution scores high enough on its unique performance metrics, it can earn either partial or full performance funding.[4]

OREGON

(From Type I to Type II)

Oregon's Higher Education Coordinating Commission adopted the Student Success and Completion Model for the four-year sector. This OBF funding model aligns state investment in the public universities with the state's "40-40-20" educational attainment goal and includes funding focused on the distinct mission of each institution, as well as course and degree completion. Course completion and degree funding are cost-weighted, recognizing differences between discipline and level. Additional weighting is included for degrees conferred to underrepresented students, including low-income, minority, rural and veteran students, as well as in priority degree areas for the state such as STEM, health care and bilingual education. The funding model will be phased in over several years with growing levels of outcomes-based funding and includes all general fund institutional support.[5]

STATES WITH OBF POLICIES IN DEVELOPMENT

Several states are in the process of developing OBF models. Efforts vary in form and scope, from those originating with state legislatures and efforts at comprehensive funding model redesigns to those undertaken by coordinating councils or sector-level models. These efforts continue the trend of using OBF models to more closely align state funding systems with the state's completion and attainment goals.

Connecticut

The Connecticut General Assembly through Special Act No. 15-20 convened a task force to develop an OBF model aligned with benchmarks established by the Planning Commission on Higher Education's 2015 master plan. The task force includes representation of the legislative and executive branches as well as faculty and institutional leadership. The workgroup continues to meet as of February 2016. Efforts are focused on identifying and selecting metrics as well as aligning institutional funding and student financial aid with state attainment, workforce and affordability goals.[6]

Kentucky

Kentucky's Council on Postsecondary Education (CPE) recommended budget increases for the public colleges and universities of $43.4 million for FY 2017 and $86.7 million for FY 2018. The increased appropriations would be based on institutions' proportional share of recent budget reductions. CPE has developed a set of metrics aligned with state goals and its *2011-15 Strategic Agenda,* which will be used to establish eligibility for outcomes funding. If funded, CPE and institutional staff will develop targets and goals for each metric. The metrics include degrees and credentials produced, first- to second-year retention, progression metrics, completion of credit-bearing math and English courses, graduation rates and reducing achievement gaps, as well as sector- and institution-specific metrics. Institutions will receive funding in proportion to how well they meet their improvement targets. The Kentucky Legislature has not acted on CPE's recommended budget increase tied to institutional performance.[7]

Vermont

During the 2015 legislative session, the Vermont General Assembly charged the Higher Education Subcommittee of the PreKindergarten-16 Council with developing a proposal for distributing a portion of state funding to Vermont State Colleges and the University of Vermont based on performance measures. The legislation stipulated that these measures should include measures of efficiency, cost, degrees awarded, affordability and underserved students. In December 2015, a final report recommended development of an outcomes-based model that focuses on degrees completed, on-time graduation, improved retention rates, increasing degrees in STEM fields and low-income students. The Higher Education Subcommittee included representatives from the General Assembly and the executive branch, as well as institutional and business leaders.[8]

Virginia

The Virginia Community College System (VCCS) established a task force to examine the distribution of state funding and better align it with the *VCCS Complete 2021* strategic plan. This group began meeting in October 2013. In June 2015, the Advisory Council of Presidents approved a revised, outcomes-based funding model. This model will distribute an escalating amount of state institutional support beginning in FY 2017. The outcomes-based funding portion will increase from 12 percent of state support to 20 percent in FY 2020. Metrics within the funding model include developmental math and English student cohorts that complete college-level math and English courses, retention and credit progression benchmarks as well as completions, such as certificates, degrees and transfers. Underserved student populations are provided additional weights. These groups include first-generation students, minority students and those who are Pell-eligible.[9]

STATES PREVIOUSLY REPRESENTED ON TYPOLOGY

Seven states reflected in the fiscal year 2015 typology are not included in the fiscal year 2016 review. These states may still have a funding model in place but did not use it to allocate dollars to institutions in fiscal year 2016.

- *New Money:* Oklahoma and Mississippi (four-year only) have models reliant on new money being allocated. There is no publicly available evidence that funds have been appropriated for the formula or that the formula was used in fiscal year 2016 allocations.
- *Not Implemented:* Iowa, Georgia and South Dakota have models developed, but they have not been implemented.
- *Hold-Harmless/Other Approach:* Louisiana and Arizona either implemented a hold-harmless policy or addressed other funding priorities, such as equity, and did not implement the outcomes-based funding model.

FUNDING LEVELS FOR OUTCOMES-BASED FUNDING

There is noteworthy variance among state outcomes-based funding policies. The following analysis compares broad categories of funding, including course completion, progression funding/degree completion and mission-focused components. This is done for all sectors of education in states with outcomes-based funding models in place, as well as separately for two-year and four-year sectors. States are organized in descending order according to the amount of outcomes-based funding.

Chart 1. OBF as Percentage of Overall State Institutional Support

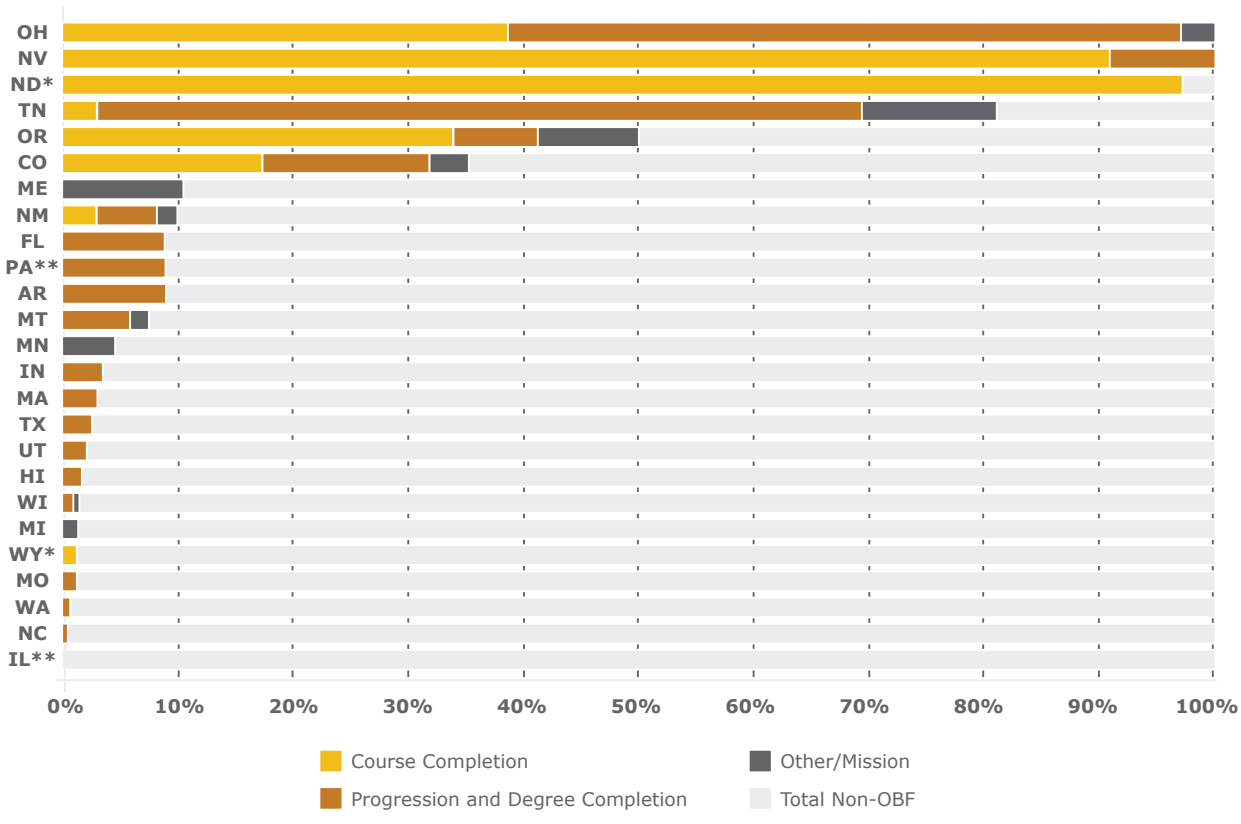


Chart Footnotes:

(1) ME, OR, PA have OBF in 4-year sector only,

(2) NC, TX, WA, WI, WY have OBF in 2-year sector only.

*Course-completion only; no other measures such as degree completion are included.

**Have not passed FY 2016 budgets and are operating on Continuing Resolution. Data presented are from FY 2015.

Chart 2. OBF in Two-Year Sector as Percentage of Overall State Institutional Support

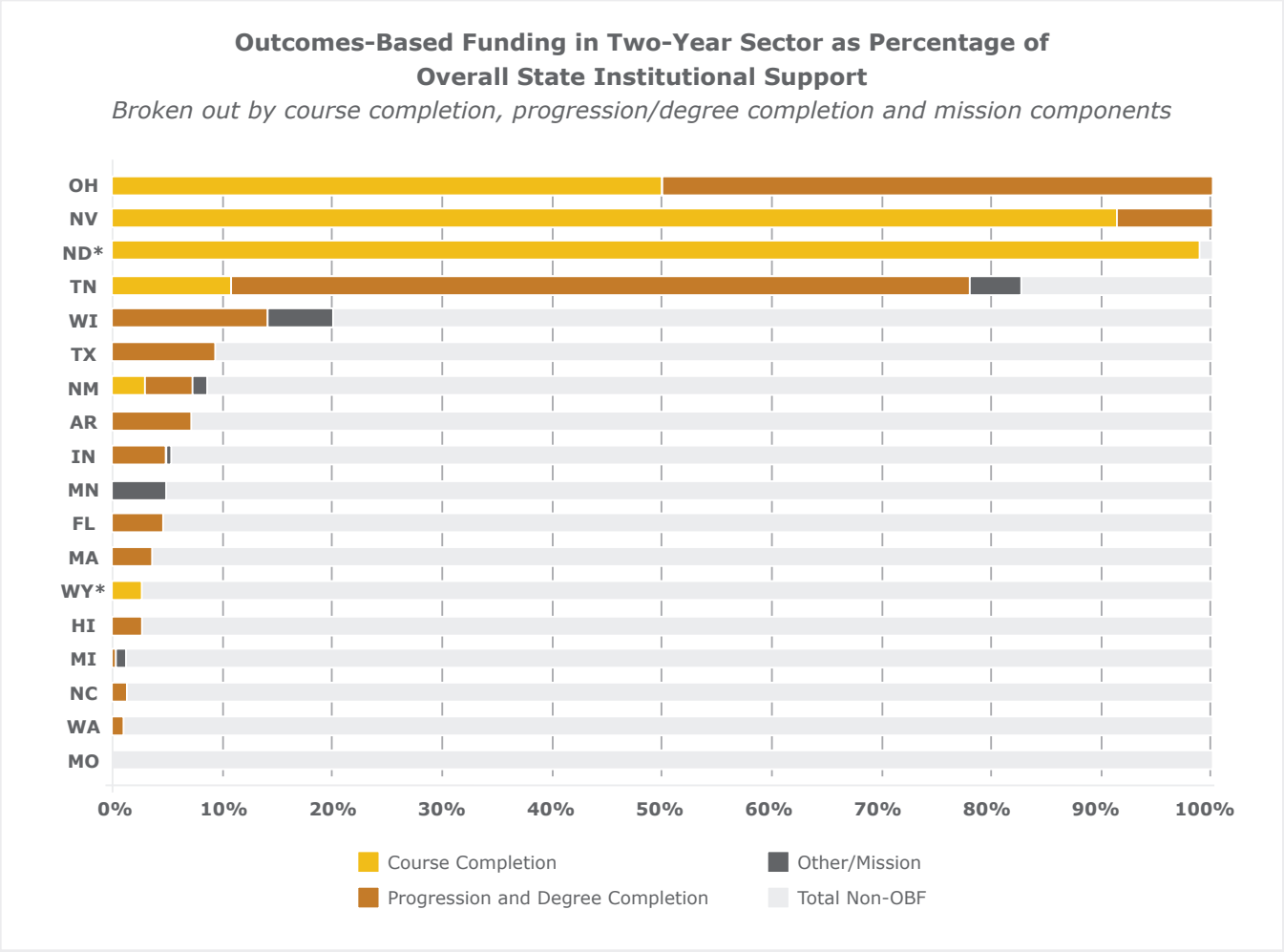


Chart Footnotes:

States implementing in both sectors but for whom sector-specific data could not be obtained (CO, IL**, MT, UT)

*Course-completion only; no other measures such as degree completion are included.

**Have not passed FY 2016 budgets and are operating on Continuing Resolution. Data presented are from FY 2015.

Chart 3. OBF in Four-Year Sector as Percentage of Overall State Institutional Support

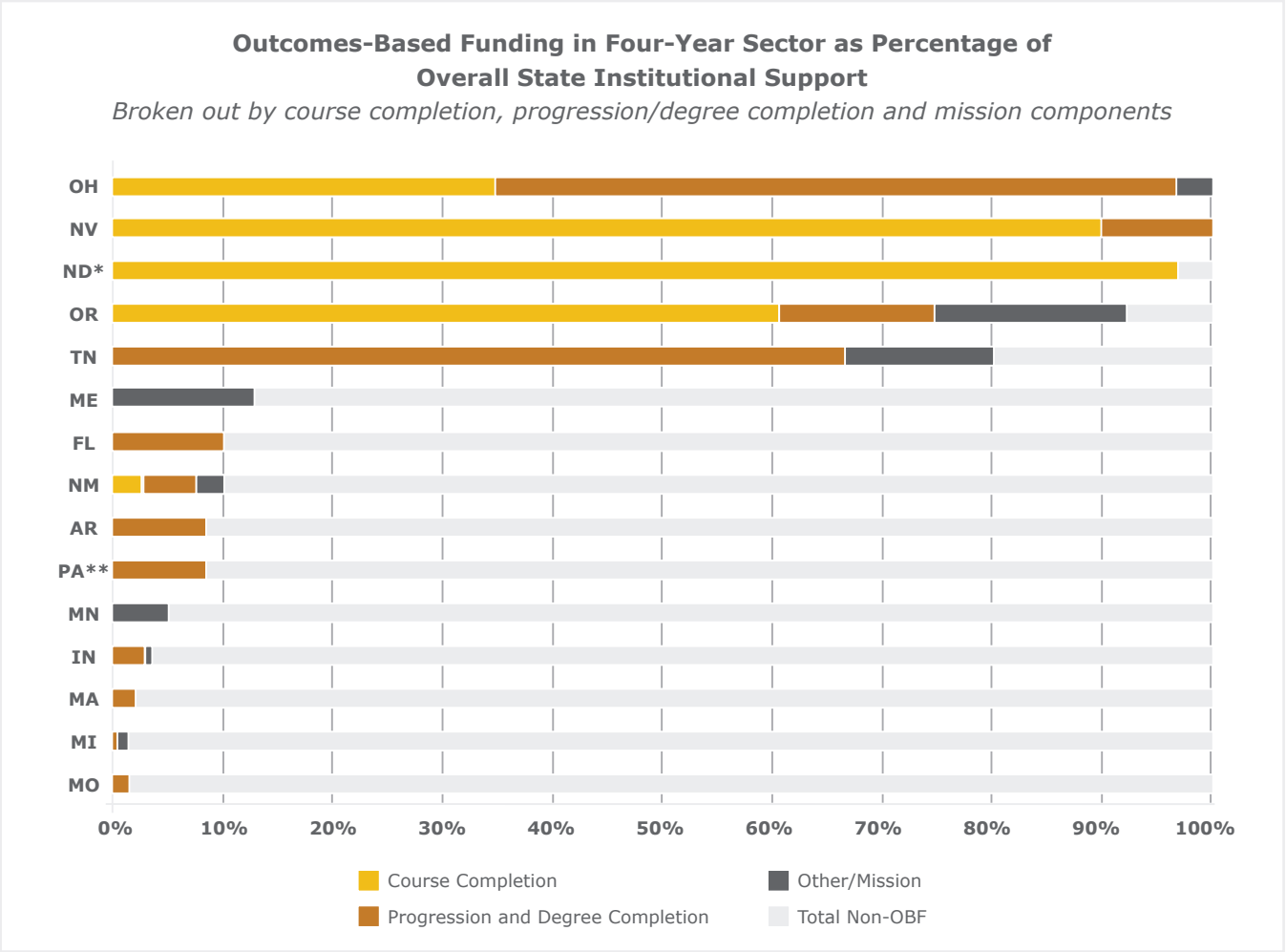


Chart Footnotes:

States implementing in both sectors but for whom sector-specific data could not be obtained (CO, IL, MT, UT)

*Course-completion only; no other measures such as degree completion are included.

**Have not passed FY 2016 budgets and are operating on Continuing Resolution. Data presented are from FY 2015.

OBF IN CONTEXT OF OTHER REVENUE SOURCES

The following analysis provides information on key budget drivers for the education mission of public colleges and universities by deconstructing the three primary funding streams for public postsecondary institutions—state institutional support, tuition and financial aid. The breakdown allows for a more nuanced analysis of the various financial incentives created for institutions. Though states continue to shift toward a greater emphasis on funding student outcomes, significant portions of funding continue to be based on proxies for enrollment—commonly measured through full-time equivalent enrollment or credit-hour completion. Further, in the context of analyzing how institutions need to shape policy and make budgetary decisions, both tuition and financial aid also act as enrollment drivers.

Five states are included in this analysis: Indiana, Ohio, Oregon, Tennessee and Texas. These states were selected because each has an OBF model in place. Three of the states have OBF models in place at both their two-year and four-year institutions (Indiana, Ohio and Tennessee), while Oregon has it in place at only its four-year institutions and Texas at its two-year institutions.

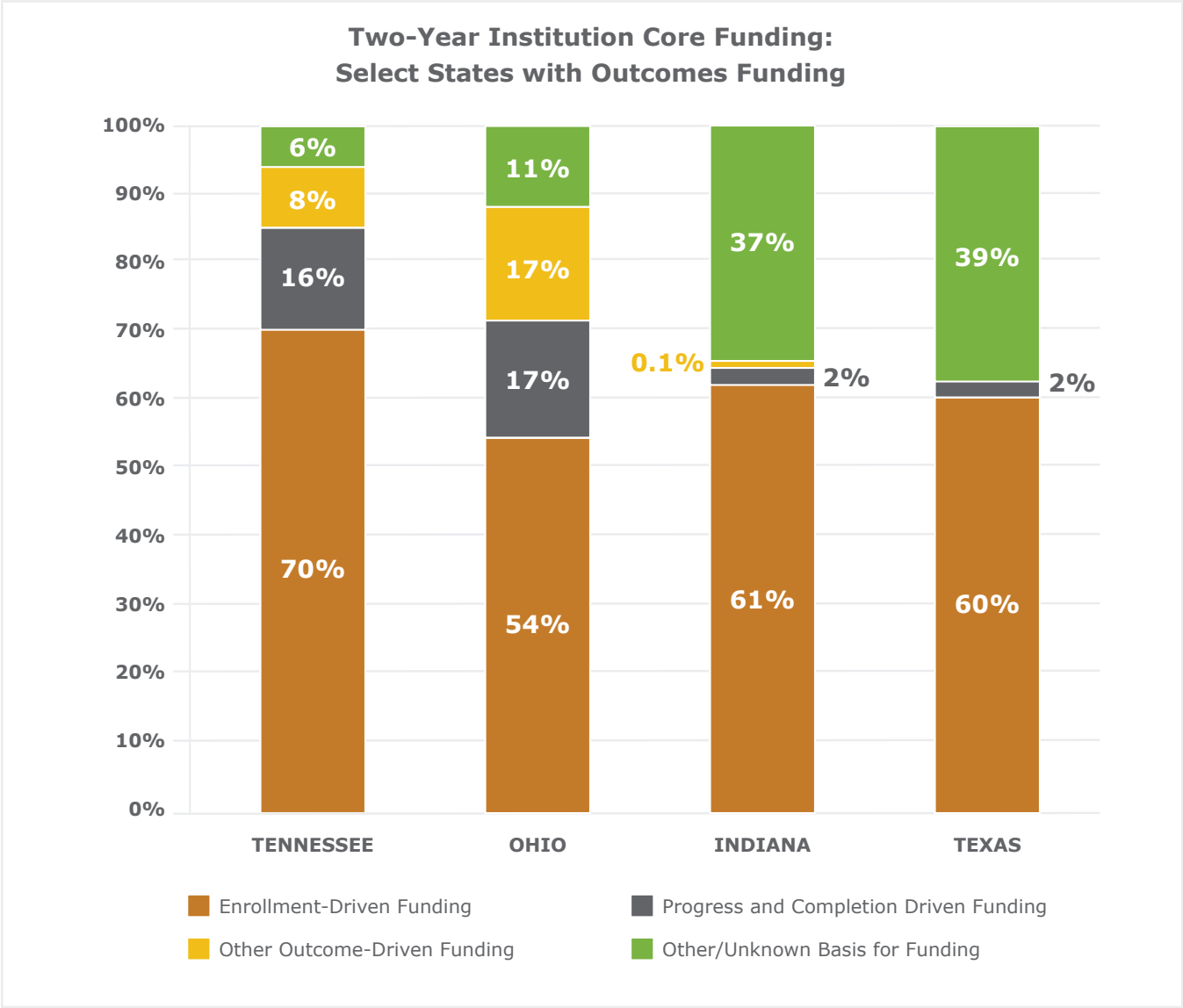
Tuition and enrollment-based funding accounts for the majority of total resources in both the two-year and four-year sectors, of the five states analyzed. Often enrollment-generated funding is not only the majority of funding but also the primary funding stream for institutions. This is particularly true in the four-year sector where the relative size of tuition, enrollment-driven funding within many OBF models and financial aid programs all focus on enrollment.

The largest portion of overall institutional funding directed toward course accumulation/progression or degree completion is 17 percent at Ohio two-year institutions. It is clear that even in states with the most completion-focused OBF models, enrollment and access continues to be a predominant funding incentive.

The relative scale and direction of various funding streams are significant in that they create incentives for certain activities and outcomes at the institution level. As state policymakers design and implement OBF models, the full array of funding streams should be understood and taken into account in order to best align funding with state attainment and completion goals.

This information and analysis was developed with the support of Nate Johnson and Takeshi Yanagiura from Postsecondary Analytics

Chart 4. Two-Year Institution Core Funding: Select States with Outcomes-Based Funding



Developed with support of Nate Johnson and Takeshi Yanagiura, Postsecondary Analytics.

Table 2. Two-Year Institution Core Funding: Select States with Outcomes-Based Funding

	ENROLLMENT-DRIVEN FUNDING			PROGRESS AND COMPLETION DRIVEN FUNDING		OTHER OUTCOME-DRIVEN FUNDING	OTHER/ UNKNOWN BASIS FOR FUNDING
State	**Net Tuition** *(Excludes Financial Aid)*	**External Financial Aid** *(Pell Grants, State Aid, etc.)*	**Enrollment Formula Funding**	**Progress** *(Momentum Points, Credit Hour Thresholds, etc.)*	**Degree and Certificate Completions**	**Other Outcomes** *(Job placement, course completion, efficiency/quality metrics, etc.)*	**Other State and Local Appropriations** *(Total appropriations minus formula)*
TN	28%	36%	6%	9%	6%	8%	6%
OH	28%	26%	0%	11%	7%	17%	11%
IN	23%	38%	0%	1%	1%	0%	37%
TX	18%	24%	17%	2%	0%	0%	39%

Chart 5. Four-Year Institution Core Funding: Select States with Outcomes-Based Funding

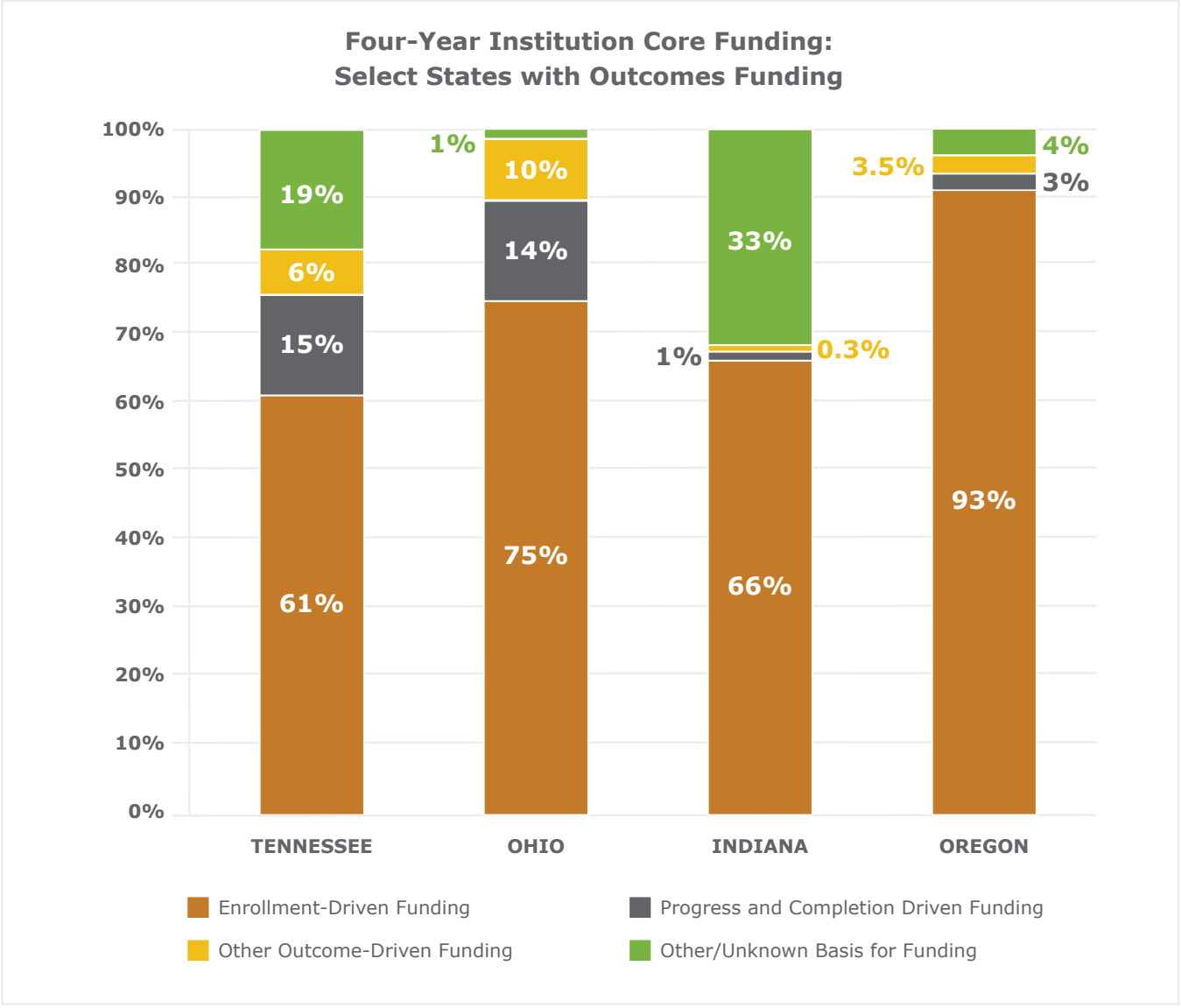


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Table 3. Four-Year Institution Core Funding: Select States with Outcomes-Based Funding

	ENROLLMENT-DRIVEN FUNDING			PROGRESS AND COMPLETION DRIVEN FUNDING		OTHER OUTCOME-DRIVEN FUNDING	OTHER/ UNKNOWN BASIS FOR FUNDING
State	**Net Tuition** *(Excludes Financial Aid)*	**External Financial Aid** *(Pell Grants, State Aid, etc.)*	**Enrollment Formula Funding**	**Progress** *(Momentum Points, Credit Hour Thresholds, etc.)*	**Degree and Certificate Completions**	**Other Outcomes** *(Job placement, course completion, efficiency/quality metrics, etc.)*	**Other State and Local Appropriations** *(Total appropriations minus formula)*
TN	41%	20%	0%	3%	12%	6%	19%
OH	62%	9%	4%	0%	14%	10%	1%
IN	58%	8%	0%	0%	1%	0%	33%
OR	67%	12%	14%	0%	3%	4%	4%

SOURCES

State	Foot Notes and References
ARKANSAS	Arkansas is in process of major revisions to its funding model to more closely align with the states newly adopted Master Plan: Closing the Gap 2020. http://www.adhe.edu/institutions/master-plan/
COLORADO	Colorado is implementing a new outcomes-based funding formula Formula at both its two-year and four-year institutions. Information at: http://highered.colorado.gov/Publications/General/1319/FinalReport.pdf
FLORIDA	The Florida University System developed a funding model first implemented in FY 2015. The amount of the state investment appropriated by the Legislature and Governor for performance funding will be matched by an equal amount reallocated from the university system base budget. The Florida Colleges System developed its model for implementation in FY 2015-16. Similarly, the performance funding model draws from both new dollars appropriated from the state and an equal amount reallocated from institutional base (recurring) dollars. Information at: http://www.flbog.edu/about/budget/performance_funding.php (four-year) https://www.floridacollegesystem.com/publications/performance_funding/pfupdate.aspx (two-year)

HAWAII	In FY 2016-18 budget, $6.3 million per year was allocated to the University of Hawaii system for use in a performance-based funding model. In the current year (FY 16) the funding was distributed at the discretion of the President and was allocated to help institutions meet performance priorities. For FY 2017, the funds will be allocated using the developed model. FY 2016 details: http://www.hawaii.edu/budget/sites/www.hawaii.edu.budget/files/BOR_BudgetPresentation.pdf FY 2017 model details: http://www.hawaii.edu/budget/sites/www.hawaii.edu.budget/files/FY16_OperatingBudgetProposal_CC.pdf Two-year colleges: the UH CC System has a separate funding model it uses to distribute a portion of funds to its institutions. In FY 2016 this amount was $6.46 million, and was in addition to the $1.8 million the CC's received from the amount separately appropriated to the UH System. UHCC FY 2016 budget: http://www.hawaii.edu/budget/sites/www.hawaii.edu.budget/files/FY16_OperatingBudgetProposal_CC.pdf UHCC OBF Funding Model: http://uhcc.hawaii.edu/OVPCC/APAPA/2013_performance.php
ILLINOIS	Illinois has not yet passed a budget. Analysis and financial data included are based on FY 2015 numbers
INDIANA	In FY 2016 Indiana's outcomes-based funding model fell below 5 percent of the overall state allocation. Information at: http://www.in.gov/che/3147.htm See additional analysis of Indiana's performance funding model in context of other revenue sources for institutions: http://hcmstrategists.com/drivingoutcomes/detailed-information-indiana/

MASACHUSETTS	The Massachusetts four-year funding formula was developed for implementation in FY 2016 using newly allocated dollars (separate line item from base/operating funds). Information at: http://www.mass.edu/about/newsreleases/nr-20150616.asp; http://www.slideshare.net/massdhe/state-university-funding-formula-development. The Massachusetts community college funding formula was first implemented in FY 2015 with funding separate from the colleges operating support. The same line item was funded in FY 2016. I Additional information at: http://www.mass.gov/bb/gaa/fy2016/app_16/dpt_16/hlrgt.htm Incentive grants and OBF funding are listed under Dept. of Higher education budget. There appears to be a hold harmless in place (see 7100-4000 of the FY 2016 Budget "That in developing the allocation among campuses, the commissioner shall ensure that no campus receives less in fiscal year 2016 than in fiscal year 2015.")
MAINE	Four-year outcomes-based funding level for FY 2016 was provided by personal communication with the University of Maine System. Overall funding levels as appropriated for FY 2016. Information at: http://legislature.maine.gov/legis/ofpr/general_fund/approps_expend/BIBLETOC-2016-2017.pdf

MICHIGAN	Michigan Community College OBF formula - pages 16&20 of the budget document - currently includes completions, student contact hours, prior-year operational support, adjusted administrative costs and local strategic value. Michigan University funding formula - pages 21&25 of budget document - includes completions, red expenditures; comparison to Carnegie peers. Information at: http://www.house.mi.gov/hfa/PDF/Summaries/15h4115h1cr1_Education_Omnibus_Conference_Report_Summary.pdf
MINNESOTA	Revised for FY 16 funding - lines 15.14 and 19.1 - models are based on system-level (lump sums allocated to systems for meeting the measures) and are a goals based approach (reaching 3 out of 5 measures earns back 100 percent of eligible funding). The funding model gets applied in the second year of the biennium (in FY 2017). Information at: https://drive.google.com/a/hcmstrategists.com/file/d/0B3S1_cKIQbYnUjlKdnRnaVNfSmF5V1ZrVVR2bTNJLU4zdjVj/view
MISSOURI	At least 90% of any increase to core funding level is to be allocated on performance; funding becomes part of the next years core funding base. http://dhe.mo.gov/documents/PerformanceFundingPublicationVo.32014.pdf

MONTANA	Each campuses' performance funding amount is based on its proportional share of FTE. Institutions must meet the target/indexed score points to earn back the full amount. Montana has significantly changed its outcomes-based funding model for FY 2016. Information at: http://mus.edu/data/ELG%20Performance%20Funding%20Presentation%201-14-16.pdf http://mus.edu/CCM/performancefunding/PerformanceFundingModel-FY16-FY17-APPROVED.pdf
NORTH CAROLINA	Information at: http://www.nccommunitycolleges.edu/sites/default/files/state-board/finance/fc_05_revised_fy_2015-16_state_aid_allocations_and_budget_policies.pdf
NORTH DAKOTA	North Dakota's funding model is based only on course completion with no other measures (student progression or completion) included.
NEW MEXICO	Information at: http://www.hed.state.nm.us/researchers/funding-technical-committee.aspx
NEVADA	For FY 2016 funding the Interim Legislative Committee recommended the Board of Regents hold back 10% of each institution's appropriation and develop performance criteria for each institution. If an institution meets the established performance criteria it would earn back its full appropriation. Information at: http://system.nevada.edu/tasks/sites/Nshe/assets/File/2015-16%20Operating%20Budget%20-%20(BOR%20Ref%204b)%20(FINAL).pdf
OHIO	Information at: https://www.ohiohighered.org/financial See additional analysis of Ohio's outcomes funding model: http://hcmstrategists.com/drivingoutcomes/detailed-information-ohio/

OREGON	Oregon adopted an outcomes-based funding model for its four-year sector and was implemented during FY 2016. The model includes degree and certificate outcomes, course completions as well as additional funding for low-income, minority, rural and veteran students. This represents a significant change in funding model design from FY 2015. Information at: http://www.oregon.gov/HigherEd/Documents/HECC/Resources/Finance/HECCmemo.pdf See additional analysis of Oregon's outcomes funding model here: http://www.oregon.gov/HigherEd/Documents/HECC/Resources/Finance/OregonSSCMTwoPager112315.pdf See additional analysis of Oregon's outcomes funding model: http://hcmstrategists.com/drivingoutcomes/detailed-information-oregon/
PENNSYLVANIA	Pennsylvania has not passed a FY 2016 budget and the state is operating on continuing resolution. The PASSHE system is the only sector to implement an outcomes-based funding model. Board of governors approved a performance pool of $38.46 million. Information at: http://www.passhe.edu/inside/ne/press/Lists/Press%20Releases/pressup.aspx?ID=461&ContentTypeId=0x01006B3D98C5084ABB47927D422E92C00C3300058DFAF00E84824A8F87467AD4FF8E26 http://www.passhe.edu/inside/anf/accounting/Financial%20Statements/State%20System's%20Financial%20Statements,%20June%2030,%202014.pdf

TENNESSEE	Tennessee recently made adjustments to its funding formula. Changes for the community colleges include the recognition of all technical certificates earned by students at community colleges; the inclusion of an academically at-risk focus population. For the University sector changes include adjustment of the credit accumulation metrics (to 30, 60 and 90). See additional analysis of Tennessee's outcomes funding model. https://www.tn.gov/thec/article/2015-20-funding-formula. See additional analysis of Tennessee's outcomes funding model: http://hcmstrategists.com/drivingoutcomes/detailed-information-tennessee/
TEXAS	Information at: http://www.tacc.org/pages/data-and-info/community-college-funding (Community College) http://www.thecb.state.tx.us/reports/pdf/3207.pdf (Texas Technical College System, Returned-Value funding model) See additional analysis of Texas's outcomes funding model: http://hcmstrategists.com/drivingoutcomes/detailed-information-texas/
UTAH	FY 2016 is the first year outcomes-based funding in Utah will be distributed using ongoing or base funding. Previously funding was new money or a separate allocation only. Budget & Formula Information at: http://le.utah.gov/interim/2015/pdf/00002450.pdf; formula details: http://higheredutah.org/pdf/agendas/201507/TabR.pdf
WASHINGTON:	Information at: http://www.sbctc.edu/about/agency/initiatives-projects/student-achievement-initiative.aspx
WISCONSIN	At the Wisconsin Technical College System for FY 2016, 20% of general state aid is distributed using an outcomes based funding formula. That 20% translates to $17.7 million. Information at: http://www.wtcsystem.edu/wtcsexternal/cmspages/getdocumentfile.aspx?nodeguid=a1e49e6f-8d6b-4a12-b625-f9f5bc316dd2

WYOMING	Wyoming's outcomes-based funding formula includes only course completions. Information at: https://drive.google.com/a/hcmstrategists.com/file/d/0B9L2AFFD9o_LSnRTbTEtMHZiNVE/view

ENDNOTES

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