

ENDING UNFUNDED MANDATES in Higher Education

USING COMPLETION-GOALS FUNDING
to Improve Accountability and Outcomes

COMPLETE
COLLEGE
AMERICA

The United States cannot meet its higher education goals without changing the way it funds public colleges and universities. Current funding models do not sufficiently advance fully scaled improvements. Instead, today's models create unfunded mandates: Colleges are required to increase completion rates, but they do not receive essential funding until after improvements make an impact.

Complete College America (CCA) addresses this challenge with completion-goals funding, a new approach to managing higher education resources, helping colleges introduce proven reforms, and dramatically increasing completion rates. With completion-goals funding, colleges receive funds up front, and then they must meet completion targets. Completion-goals funding—an evolution of outcomes-based funding—is the next step in improving outcomes and meeting state completion goals.

States Need a New Higher Education Funding Model

Over the past 13 years, CCA has worked with states across the country to introduce outcomes-based funding. While the specific funding formulas vary, they all prioritize college completion and increase funding only when colleges produce results.

States that adopted reforms grounded in outcomes-based metrics often saw their

graduation rates increase. But the gains were uneven and, in many cases, insignificant.

The current two-year graduation rate for public, degree-granting two-year colleges is 17 percent. The four-year graduation rate at public four-year institutions is 40 percent, and that figure is buoyed by selective enrollment public institutions.



In addition, outcomes-based funding often does not help the colleges most in need of increased funding and support—which typically are those most likely to serve historically excluded students.

By 2031, 72 percent of U.S. jobs will require education or training beyond high school. The United States is not on track to meet these employment needs. Moreover, individuals—both those who have earned credentials and those who have not—are drowning in education debt. And institutions, particularly those that serve historically excluded students, struggle to find funding to make improvements that are essential for meeting completion goals.

States and colleges know how to improve completion rates. Colleges that are adopting

CCA's proven strategies—such as getting all students onto semester-by-semester education plans; replacing traditional, prerequisite remediation with corequisite coursework; and providing academic and basic needs support—are having success. Implementing these strategies at scale—and connecting proven strategies to funding—would further increase completion rates.

Completion-goals funding is the new approach higher education needs. It makes the essential connection between higher education funding and using proven strategies to produce results. It also changes the zero-sum funding approach to one that allows all colleges to receive sufficient funding so states reach their completion goals and meet their workforce needs.

Defining Completion-Goals Funding

Completion-goals funding ends unfunded mandates related to meeting state completion goals: Colleges get the money they need to implement proven strategies up front, and then they must meet completion targets. The key elements of completion-goals funding include the following:

- Funding is based on the actual cost of educating enough students to reach statewide completion goals—specifically increasing completion of degrees and credentials that meet workforce needs, allow students to earn a livable wage, and can lead to ongoing education.
- States and institutions work together to determine the actual cost of giving every student the highest chance of earning credentials. All parties recognize that funding must be tied to accountability.
- Funding includes both investing in proven success strategies and eliminating inefficiencies.
- The state establishes clear targets—targets derived from statewide goals—for each institution, and it provides sufficient per-student funds

for each institution to reach its target. Thus, expenditures are based on educating the current student population and meeting the state's needs.

- Institutions use funds to implement best practices, and they regularly track and evaluate their progress toward their targets.

Completion-goals funding builds on the lessons learned from earlier models. It will require more funds for higher education, but this funding will be a shrewd investment. It will be based on clear, college-authored, and state-approved plans that show value, and it will require adherence to accountability metrics. The spending will be more logically planned and tied to implementing improvements that lead to results. And colleges will regularly evaluate and revise their improvement efforts, in coordination with policymakers.

As a result, the state's investments will lead to meeting its completion goals. The state also will reap the economic and civic payoffs that come from having more credential holders in programs that meet workforce needs, provide better salaries, and allow for upward economic mobility.