Higher Education Redesign:
Serving More Students
Meeting Workforce Needs
Achieving Economic Success

Presentation by Dr. Thomas Anderes, President, Arizona Board of Regents

WICHE Commission Meeting
May 16, 2011
San Francisco, CA
Where We Are

- Workers seek new career skills and new income
  - Unemployment near 10%
  - Community College enrollment up 14.5%*
  - University enrollment up 14.6%*

- Businesses seek more people with right degrees
  - Network systems, IT, computer engineering
  - Healthcare, bioscience

- Higher education system is responding

*since FY08
Evolution

• Today’s student is different than yesterday’s
  • Large population of students from racial and ethnic groups with historically lower educational attainment rates
  • Family or work constraints
  • Place bound
  • Returning students

• New pathways
  • Increased partnerships with community colleges
    • 2 + 2 and 3 + 1 programs
    • Regional universities

• Improved efficiency, high quality
Arizona is Rallying to Tackle the Challenge

**Reform the system:** Getting AHEAD

- Four key goals
- Collaborative initiative by Arizona’s universities, community colleges, K-12 sector, business community, legislative and executive branches of government
- In partnership with 2020 Vision
- In partnership with ABOR ‘Enterprise Model’
Goals of Getting AHEAD

• **Broader geographic access** for student convenience

• **Seamless credit transfer**

• **Lower-cost, high-quality options**

• **Improved coordination**, planning and governance
Organizing the Work

5 Key Components & Committees

- New Institutional Structures
- Student-Centered Advising/Career Planning
- Higher Ed Funding Model
- Coordination & Governance (Joint Council of Presidents)
- Strategic Engagement & Communications
Recent Milestones

Governance & Coordination

• Joint Council of Presidents established
  • Seek to maintain quality, increase collaboration
  • Reviewing common issues:
    – IB and AP scores
    – Common Course Numbering
    – Transfer articulation restructuring, reporting
    – Implications of legislation
New Pathways
• Regional Universities and CC+U partnerships
  • NAU-Yavapai
  • Colleges@ASU in development
  • MAPP, AzTAP, Mohave2NAU, e.g.

• Tuition savings of up to 50% off main campus

• More than 1,100 bachelor’s pathway degree programs
  • Through 3 universities + 10 comm. college districts

• Serving nearly 12,000 students
  • Expected to increase
Evolving Higher Education Funding

Higher Education Funding Model Study

• How should Arizona colleges and universities be funded?
• Multi-part study underway
  • Best practices across the US
  • Performance funding options
# What Are Other States Doing?

## A Continuum of State Higher Education Funding Approaches

<table>
<thead>
<tr>
<th>Most Traditional</th>
<th>Least Traditional</th>
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<tbody>
<tr>
<td>Base Plus</td>
<td>16 states</td>
</tr>
<tr>
<td>Formula Funding</td>
<td>26 states</td>
</tr>
<tr>
<td>Benchmarking</td>
<td>14 states</td>
</tr>
<tr>
<td>Performance Funding/Contracts</td>
<td>13 states</td>
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<tr>
<td>Vouchers</td>
<td>1 state</td>
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</tbody>
</table>
Nine key evaluation criteria for an effective funding model:

- Equitable
- Predictable
- Responsive
- Simple
- Balanced
- Goal-based
- Incentive-based
- Relies on Valid Data
- Maintains and Enhances Quality

The current funding formulas do not meet all of these nine criteria.
Because of differences in university and community college funding formulas, two workgroups were formed to study both.

- The Community College chief financial officers formed one group.

- The University workgroup included:
  Higher Ed Finance Committee members
  Institutional Research
  University Budget and Planning Staff

- MGT of America provided consulting support to both workgroups.
The university workgroup preferred a Performance Funding Model:

Base + Adjustments to the Base + Performance Funding = University Funding

May include decision packages for system enhancements, when approved by ABOR. Base adjustments included for salaries, fringe benefits, cost-of-living changes to utilities and other items.
5 Components of Performance Funding

1. Increases in Credit Hours Completed
   Weighted by level, cost, type of student

2. Increases in Number of Degrees Produced
   Weighted by level, cost, and type of student

3. Increases in Research Funding

4. Success in Meeting the State’s Economic Development Goals

5. Success in Accomplishing the Above While Maintaining or Enhancing the “Quality” of the Educational Experience and the “Quality” of the Institutions
The workgroup created a 3x3 matrix for both degrees and credit hours to address the first 2 components.

- Three degree levels (Bachelors, Masters, Doctoral)
- Three levels of cost
- Special consideration is given to the medical school

<table>
<thead>
<tr>
<th></th>
<th>Bachelors</th>
<th>Masters</th>
<th>Doctoral</th>
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<tbody>
<tr>
<td>Cost Category I</td>
<td>17</td>
<td>18</td>
<td>18</td>
</tr>
<tr>
<td>Cost Category II</td>
<td>6</td>
<td>10</td>
<td>9</td>
</tr>
<tr>
<td>Cost Category III</td>
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<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Medical School</td>
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</table>
Conclusion

While great progress has been made, there is much work that needs to be done in order to complete the Phase 3 Final report by June 30, 2011.

Thereafter, the Board will need to provide direction for the all-important Implementation Phase of this project. With the state budget picture expected to remain quite bleak for the next three fiscal years, it will be a challenge to drive resources in support of meeting the goals of the Enterprise Model as evidenced through a new performance-based model.