


Resolution of the Executive Committee Supporting Governor Rick Perry's Higher Education Proposal Related to Incentive Funding

The Greater Houston Partnership recognizes the importance of implementing accountability standards for higher education institutions. Governor Perry's proposal to reward schools with graduates identified as at-risk, degrees earned in critical fields, and degrees earned by students who do well either on a major field assessment or licensure exam, are appropriate metrics. The Partnership supports linking funding allocations to demonstrated performance by higher education institutions.

The Greater Houston Partnership supports state legislation that would encourage public universities and colleges to meet the statewide goal of increasing the number of students completing bachelor's degrees, associate degrees and certificates by 171,000 by 2010; and to 210,000 by 2015.

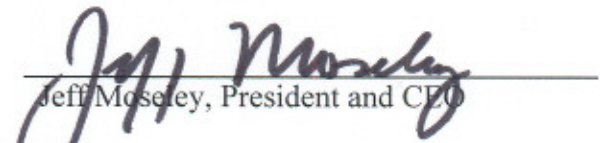
The Partnership's goal is to improve the economic vitality of the community with a keen eye toward attracting a highly-skilled and well-educated work force. Proving additional funding to community colleges and universities will improve the quality of education and ensure the future success of the state's economy. Job and economic growth depend on higher education institutions to deliver a trained and educated workforce ready for the global marketplace.



John D. Hofmeister, Chairman



Daniel J. Wolterman, Secretary



Jeff Moseley, President and CEO



MEMORANDUM

DATE: April 18, 2007

TO: Greater Houston Partnership Board of Directors

FROM: Lori Veters, Chairman
Education and Workforce Advisory Committee

SUBJECT: Resolution of the Executive Committee Supporting Governor Rick Perry's
Higher Education Proposal Related to Incentive Funding

RECOMMENDATION

The Greater Houston Partnership recognizes the importance of implementing accountability standards for higher education institutions. Governor Perry's proposal to reward schools with graduates identified as at-risk, degrees earned in critical fields, and degrees earned by students who do well either on a major field assessment or licensure exam, are appropriate metrics. The Partnership supports linking funding allocations to demonstrated performance by higher education institutions.

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The Partnership's goal is to improve the economic vitality of the community with a keen eye toward attracting a highly-skilled and well-educated work force. Proving additional funding to community colleges and universities will improve the quality of education and ensure the future success of the state's economy. Job and economic growth depend on higher education institutions to deliver a trained and educated workforce ready for the global marketplace.

BACKGROUND

Higher education has a significant impact on the Texas economy, returning more than \$5.00 for every \$1.00 of state general revenue invested. It has been estimated that people who earn an associate degree average lifetime earnings of \$250,000 more than people without degrees. A bachelor's degree adds \$1 million to a person's lifetime earnings.

Our position has consistently included insuring adequate funding of our institutions of higher education, including: full funding of growth in enrollment, research and

infrastructure, and for inflation; specific focus on funding for nursing; and providing maximum funding for financial aid to students.

The Greater Houston Partnership has been supportive of the goals of *Closing the Gaps* through increasing the number of students, especially those who historically have not had success in higher education, enrolling and graduating from our institutions of higher education. We consider it vital that we not only encourage students to enroll in college, but to also develop incentives for institutions and students that help to promote graduation.

Governor's Incentive Funding Proposal:

Universities

For universities, the incentive program will reward two measures: degrees awarded and high scores on a major field test. Universities will receive a designated amount for each student receiving a diploma. Additional weight, and therefore more money, is given for students considered at-risk or majoring in the critical fields of engineering, math, physical science, nursing, computer science, allied health, and math and science teacher education. In an effort to increase the number of Texans with master's, doctoral and professional degrees, an award is given for each diploma in graduate fields as well. Average incentive funding is estimated to be \$2,229 per graduate.

Community, technical, and select State colleges

For community, technical and select State colleges, the proposed incentive program will reward three measures: certificates earned in approved programs and associate degrees completed; students completing at least 30 hours with a GPA of 2.5 or higher who transfer to a four-year state college; and high scores on a general education or licensure exam. Additional weight will be given for students majoring in engineering, technology, computer science, math, physical science, allied health and nursing. Average incentive funding is estimated to be \$1,216 per certificate, degree or transfer student.

Health-related Institutions

For health-related institutions, the incentive program will reward two measures: degrees and residencies completed and licensure exams. Additional weight will be given for at-risk students and primary care residencies. Average annual incentive funding is about \$8,200 per degree or residency completed.

Exit Exams

To protect integrity of the incentive program, baccalaureate graduates must take an exit exam. Students can still graduate with a low score on the exit exam, but universities receive an additional weight, and more money, for students with higher scores on the exams. Universities receive an additional weight, and more money, for higher scores on the exams. If the student graduates in a field with a licensure exam, that exam is used. In other fields, the Educational Testing Service's major field tests are available. These exams exist for various degree areas, such as biology, business, criminal justice, education, music and political science.

To maximize funding, institutions will have to improve the following:

1. Retention
2. Time to degree
3. Four, Five, and Six year graduation rates
4. Number of transfers from community colleges
5. Quality of education
6. Space utilization
7. Counseling to reduce wasted credit hours
8. Course completion
9. Remedial education

FISCAL IMPACT

Enactment of Governor Perry's proposal by the Legislature would total \$ 350.2 million, of which \$300 million would be new general revenue funding.

IMPLEMENTATION

The Greater Houston Partnership will communicate to members of the 80th Legislature our strong support for Senate Bill 1029 and HB 2838 that encompass the incentive funding proposal made by Governor Perry. The Partnership will also conduct monitoring and accountability on the State's implementation.

RESOURCES REQUIRED

This recommendation can be implemented with available Greater Houston Partnership staff and within the current operating budget.