Among the challenges facing higher education institutions are rising costs and debt, fiscal reductions, and greater accountability. The fiscal reality of rising costs and debt, coupled with high debt-burden and slowed state revenue growth, can crowd out higher-ed investment. New state and taxpayer expectations and evaluation of return on investment requires greater accountability.

An ever-increasing demand for talent in a globally competitive environment and exposure to the opportunity created by the digital era requires institutions to respond.

As higher education institutions respond to changing conditions, how can the needs of students and society be met? How can we build on access agendas, achieve parallel gains in outcomes, and support institutional implementation? Today’s models are designed with intent to encourage student progress and completion, prioritize the success of underserved students, learn from experiences of leading states, and reinforce institutional missions. Tomorrow’s models will evolve to create space for institutions to innovate and experiment, create incentives for student persistence, and graduate underserved students.

Outcomes-based funding is one important tool states are pursuing to reshape higher education’s ability to support student progress and completion.

**Funding for Better Outcomes**

**Next-Generation Public Higher Education Finance**

**Where It’s Headed. Why It Matters.**

**As Higher Education Institutions Respond to Changing Conditions**

**Rising Costs and Debt**

Tuition increases coupled with high debt-burden

**Fiscal Reductions**

Slowed state revenue growth plus other state priorities that crowd out higher-ed investment

**Greater Accountability**

New state and taxpayer expectations and evaluation of return on investment

**Outcomes-Based Funding is One Important Tool States are Pursuing to Reshape Higher Education’s Ability to Support Student Progress and Completion**

**How Can the Needs of Students and Society Be Met?**

- Build on access agenda
  - Morril Act
  - Community Colleges
  - GI Bill
  - Pell Grants
  - Build on access agenda

- Harness advances in teaching
  - Competencies
  - Open learning
  - Networks
  - Prior learning

**Outcomes-Based Funding is One Important Tool States are Pursuing to Reshape Higher Education’s Ability to Support Student Progress and Completion**

**Today’s Models Are Designed with Intent to...**

- Encourage student progress & completion
- Prioritize the success of underserved students
- Learn from experiences of leading states
- Reinforce institutional missions
- Sustain investment through core funding

**Tomorrow’s Models Will Evolve to...**

- Align state funding approaches to state attainment goals
- Obtain post-graduate outcome measures
- Create incentives to offer targeted student supports
- Distribute responsibility for financial decisions
- Create space for institutions to innovate & experiment
- Graduate underserved students
- Engage multiple stakeholders in policy development
- Analyze student data to improve outcomes
- Offer flexible, student-centered learning

**EQUITY**

Eliminate disparities in outcomes across racial and ethnic groups

**ATTAINMENT**

Increase capacity to deliver affordable, high-quality education that raises the share of educated Americans

**EXCELLENCE**

Offer flexible, student-centered learning