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National Center for Higher Education Management Systems

Outcomes-Based Funding:
Taking Stock

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for
Complete College America

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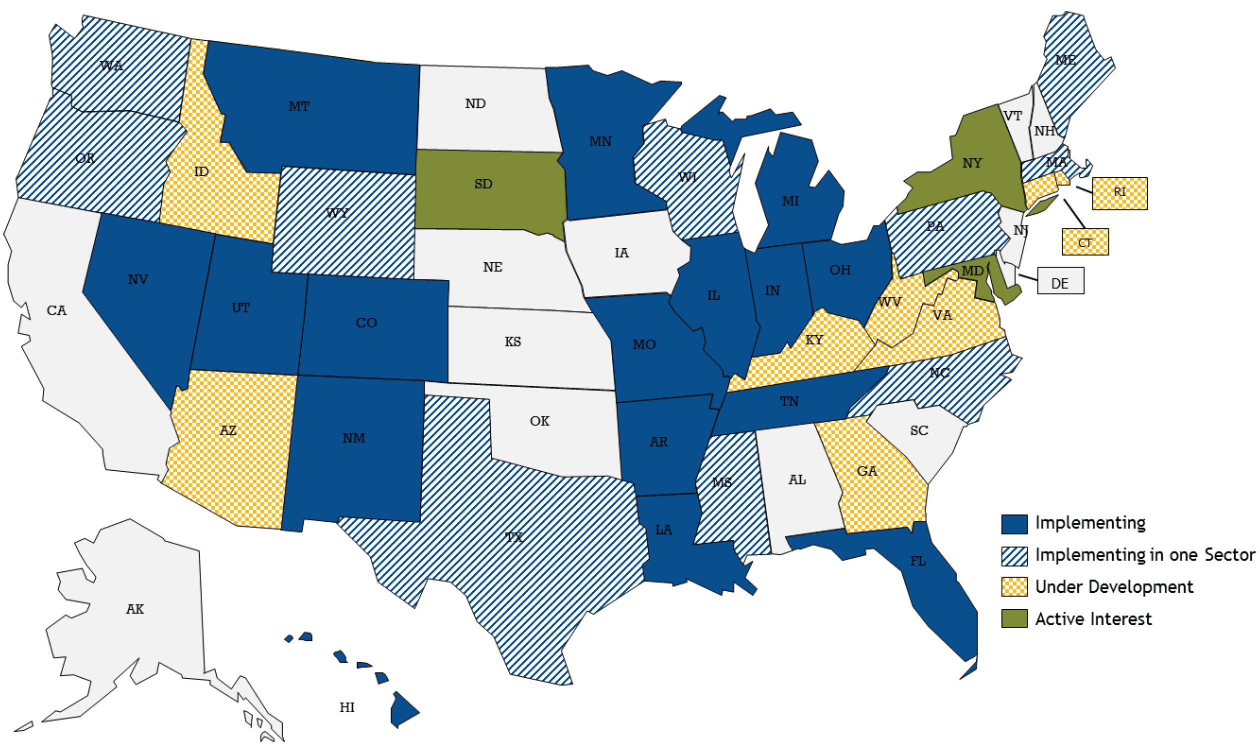
Outcomes-Based Funding: Taking Stock

This is the third paper on the topic of outcomes-based funding that I have written for Complete College America. In the first, Performance Funding: From Idea to Action (2011), I proposed a set of design and implementation principles intended to help the increasing number of states involved in developing and implementing their own outcomes-based funding models. The contents of that paper were based largely on the experiences of the early adopting states, Indiana and Tennessee being the primary examples.

In the second, Outcomes-Based Funding: The Wave of Implementation (2013), I described the features of models in the rapidly increasing number of implementing states and indicated the extent to which these models conformed to the design and implementation principles presented in the first paper in the series. In this paper, I also explained the importance of the changed labels applied to such models – the shift from "performance funding" to "outcomes-based funding."

This paper documents the continued spread of adoption with an increased focus in the field on whether outcomes are equitable across populations, with states disaggregating results by race, ethnicity, age and income and reporting those results publicly. As shown in Figure 1, half the states have now implemented outcomes-based funding in at least one sector of higher education. The majority of implementing states apply their models to the allocation of resources to all public institutions, two- and four-year.

Figure 1. The Wave of Implementation



The additional purposes of this paper are threefold:

1. To reinforce the point that outcomes-based funding is but one component of the overall financing model for higher education in a state. The power of outcomes-based funding models is enhanced if the other components are designed so as to strengthen the alignment between funding streams and desired results.

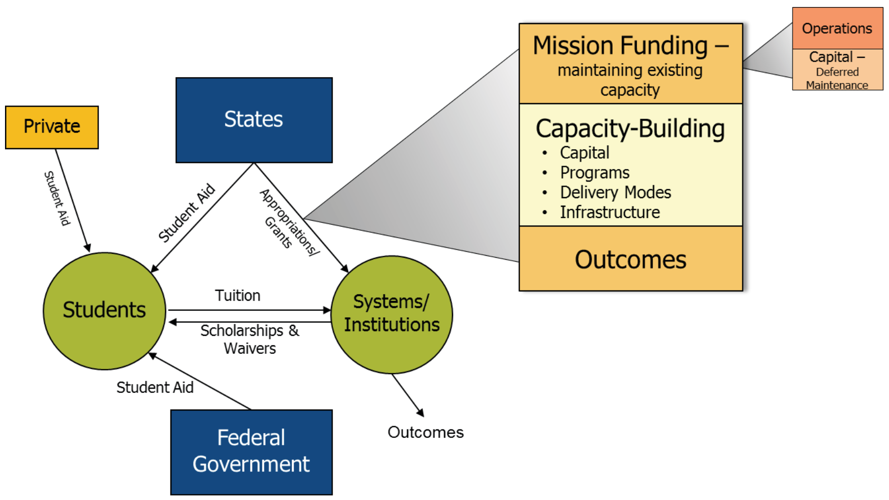
2. To once again revisit the lists of design and implementation principles presented in the earlier document and (slightly) revise them in light of states' actions and experience.
3. To describe the models that are being employed in implementing states and to assess the extent of conformance with the proffered sets of design and implementation principles. This for the purpose of identifying areas of non-conformance to catalogue potential weaknesses in models and questioning the applicability of certain of the principles.

As with earlier versions of the document, the ultimate objective is to provide clear, straightforward guidance to policymakers who are searching for ways to better align their approaches to resource allocation with the educational outcomes that are of highest priority in their state.

Outcomes-Based Funding in the Context of Broader Finance Policy

Figure 2 represents a simplified picture of the funding streams that support the instructional activities of educational institutions and their students.

Figure 2. Components of State Funding of Institutions



This diagram serves as the basis for making several important points about the context within which outcomes-based funding models must be designed and developed. Chief among them are the following:

1. State higher education finance policy is comprised of several distinct elements. These include
   - Direct state support to institutions for
     - Base funding for general operations and maintenance of current assets/capacity
     - Outcomes produced
     - Additions to institutional capacity
   - State support to students in the form of student financial aid
   - Tuition policy that seeks to limit the rates of increases
   - Policies that affect institutional student aid/tuition waivers – policies that either mandate a proportion of tuition revenues be devoted to student aid or that put limits on the amount of institutional revenues that can be used for this purpose.

2. Public postsecondary education institutions get almost all of their funding for general operating purposes from only two sources – students and state (and in some cases, local) governments. The greater the proportion of funding received from students the less leverage on institutional behavior states can exert through allocation of their resources.
3. Outcomes-based funding is but one component of state support for educational institutions; other elements are "base" funding and funding for capital purposes. Of these, the outcomes-based funding component is typically the smallest. In the overall scheme of institutional funding (tuition and state appropriations) the power of outcomes-based funding can easily be diluted to the point of irrelevancy.

While outcomes-based funding is the primary topic of this paper, a central point is that he other elements of state finance policy must reinforce the intentionality of outcomes-based funding or the implementation of this particular lever will come to naught. Without digressing into a long discussion about how other levers might be aligned, suffice it to say that there are ways as indicated in the following examples:

- Allocating base funds on the basis of credits completed, not credits for which students enroll. This creates incentives for institutions to adopt academic policies and procedures that focus on student success.
- Devising tuition and student financial aid policies that work together to ensure college affordability for those students most vulnerable to the possibility of lack of resources standing in the way of retention and completion.
- Using investment funds – historically devoted to capital projects – to support the building of capacity to meet student needs. This might include expansion of program capacity in high demand fields; creating (or buying) software for student advising, degree audits, etc.; creating new program delivery models (online, competency-based, etc.); and creating other assets demonstrably tied to the objectives established as priorities by the state.

To sum it up, outcomes-based funding, well-designed and well-implemented, is an important tool in promoting the achievement of state goals; the power of the tool is largely dependent on the extent to which outcomes-based funding is reinforced by the intentional design of the other components of state finance policy.

Design and Implementation Principles

To be effective, any outcomes-based funding model must be well-designed – it promotes pursuit of state priorities – and well implemented – it is successfully put into practice as designed. A poorly designed model, even if well executed, will not yield the desired results. Similarly, a well-designed model, if poorly executed, will fail to deliver the intended results. In this section, principles of good design and effective implementation are presented.

Design Principles

As a result of experiences in the states that have implemented outcomes-based funding, a number of common threads regarding such models have emerged. Because they have arisen out of independent processes in various states and because they are inherently sensible, they are presented here as principles to be used in the design stages.

1. Recognize that tying funding to achievement of particular objectives is not a new idea. It is the objectives being prioritized that are new, not the notion of paying for performance. All funding models create incentives for institutional behavior. In the past, institutions have been rewarded for increasing access and enrolling more students. Enrollment-driven formulas became the norm, with the access objective so strongly embedded in financing policy and institutional cultures that change is now difficult. But access is no longer the sole – or even dominant – goal in many states. Student success and completion of academic programs (increased degree production) are on the ascendancy as state priorities. Over the years decisionmakers and analysts have become very good at devising ways to appropriately reward improvements in student access. The task now is to become equally adept at rewarding a different set of goals. The current wave of outcomes-based funding is a variation on a well-practiced theme, not a completely new idea. Since the first line of defense in resistance to change is an argument that tying funding to goals is something new and untested, a reminder of a long and successful history is a useful starting point.

2. Get agreement on goals before attempting to implement outcomes-based funding. Resource allocation models are means to an end, not ends unto themselves. If there is not a clear statement of goals that has broad bipartisan acceptance, there is almost no chance of creating an outcomes-based funding model that can last. It is well worth the time and effort to get broad consensus around a "public agenda" for the state before embarking on design of an outcomes-based based funding model. The public agenda should state a limited set of goals that:

    - Are tailored to the needs of the state, not borrowed from elsewhere
    - Focus on the needs of the state and its citizens, not the institutions of higher education

    In the absence of a public agenda, the adoption of which precedes attempts to create an outcomes-based approach to funding, the design and implementation of the allocation model likely will be seriously compromised. The model will either

    - Be designed in such a way as to do what is easy (e.g. incorporating factors for which data are readily available) and thereby reinforce the status quo, or
    - Reflect sound principles but do so in the absence of the political support necessary for adoption and on-going success.

    Goals need to be the driving force for outcomes-based funding, not a rhetorical afterthought.

    Tennessee and Indiana provide illustrations of good practice in this regard. In both cases, a well-regarded plan was put in place and gave direction to the specifics of the funding model.

3. Include all public institutions in the model. In recent years, many of the outcomes-based models that have been implemented have included only one segment of the institutions within the state – the state colleges in Pennsylvania, two-year institutions in Washington, and four-year institutions in Oregon, Maine, and Mississippi. These actions are to be commended, but they are no substitute for more inclusive approaches. Achieving statewide goals requires contributions from <u>all</u> institutions, not just institutions in one sector. Sector-by-sector approaches have the disadvantages of:

- Sidestepping the need for a statewide public agenda and foregoing the political consensus that can be constructed around such an agenda.
- Promoting system, not state, goals.
- Ignoring goals that take the concerted efforts of institutions in all sectors (e.g., no single sector can eliminate statewide attainment gaps between whites and minorities).

While specifics of the funding model must vary by sector, they should be developed within a statewide framework. Having said this, in the absence of state-level initiative, system-level efforts should be encouraged and viewed as building blocks for future statewide actions.

4. Design the model in such a way that it reflects and reinforces mission differentiation.

The current focus nationally is on education attainment of the population and the associated encouragement for institutions to increase the numbers of degrees and employer-recognized certificates produced. In most states this is a necessary and important goal, but is likely not the only one of importance to the state. Others frequently found include:

- Innovations that expand and broaden the state's economy
- Production of graduate and professional degrees in selected fields such as STEM or health care
- Improvements to K-12 education
- Development of a workforce for high-need occupations
- Improved institutional productivity
- Maintain affordability for students & taxpayers

While all recently implemented outcomes-based funding models have incentives for increased degree completion as a central feature, they all contain some of these other components as well. This is important for several reasons:

- States legitimately have multiple goals; focusing on only one is ultimately a disservice to the state.
- Too narrow a focus will inevitably lead to unwanted institutional behaviors. If the sole objective is increased degree production, research universities will have every incentive to dig deeper into their applicant pool, enroll more students than deemed desirable (or sustainable) by policymakers, and increase competition with teaching oriented institutions even further. If the focus were to be on innovation and economic development, the incentive would be for all institutions to expand efforts and fuel the tendency toward mission creep to even more unhealthy levels.
- All institutions need an opportunity to benefit by doing their assigned mission well, not changing their stripes and seeking to become a different type of institution. If some segments of institutions see that the deck is stacked against them, they will rally supporters in the legislature and elsewhere to oppose adoption and implementation of the model.

Illinois is a good example of a state whose public agenda is both well-focused on the needs of the state while simultaneously calling on the different capacities of different kinds of institutions to achieve that agenda. (See http://www.ibhe.state.il.us/masterPlanning/materials/070109_PublicAgenda.pdf)

Tennessee's model is particularly good at reflecting different institutional missions by having different models for its two-year and four-year institutions and, within the four-year model, placing different weights on the variables that drive the model. As a result, it rewards:

- The research universities for producing doctoral and professional degrees and successfully competing for more research funding
- The comprehensive institutions for producing masters and baccalaureate degrees
- The community college for producing associate degrees and certificates, transferring students and reaching specified "momentum points" (remedial success, dual enrollment, and job placement, for example).

See http://www.state.tn.us/thec/.

An option is to create different pools of resources for different kinds of institutions – and ensure that institutions compete for resources in only one pool. At one point, Ohio used this strategy, with separate models for its main campuses, regional campuses, and community colleges. This approach has the benefit of reinforcing mission differentiation. The down side is that it locks in the distribution of funding across sectors making it difficult to shift funds across sectors without legislative action. Politics make it particularly difficult to move funds from flagship institutions to those open access institutions that will have to be relied upon to make the greatest contribution to improved educational attainments.

5. Include provisions that reward success in serving underrepresented populations. One of the major concerns voiced about outcomes-based funding, especially when the goal is to produce more graduates, is that institutions will seek to enroll only those students most likely to succeed and ignore students who are at risk academically, economically, or otherwise. To counter this possibility most states that have instituted outcomes-based funding give extra weight for graduating students from at-risk populations. The weights vary from 40% (in ??) to 100% (in Tennessee). The definitions of "at-risk" differ considerably from state to state. Examples include:

    - Low income – usually measured as Pell or state grant eligible (Tennessee, Ohio)
    - African American and Latino populations
    - Adults (Tennessee)
    - Academically at-risk – below national average on ACT/SAT and those with a GED

    The beauty of the formulation that gives added weight to graduates with specified characteristics is its flexibility; flexible in the weights attached and in the characteristics of students identified as priorities for extra attention. While equity is a stand-alone metric, all other outcomes should be examined by race and ethnicity with an eye toward closing achievement gaps in each.

6. Include provisions that reward progress as well as ultimate success (degree completion). This is especially important in the early implementation stages of outcomes-based funding. Degree production is difficult to increase in a single year; a mechanism that rewards improvement in the shorter term is a useful and appropriate tool. It removes an argument

against implementation and, more importantly, it helps students succeed by rewarding institutions who help students make step-by-step progress.

States that have implemented outcomes-based funding have pointed the way to different approaches to accomplishing this objective. They include:

- Providing rewards to institutions on the basis of number of students who complete 24 credits, 48 credits, 72 credits (Tennessee).
- Valuing completed credits at the upper-division level at a higher rate than at the lower division level (Ohio, Nevada).
- Rewarding institutions for students achieving certain momentum points – completing developmental education and succeeding in the first college-level courses, completing 15 credits, 30 credits, etc. (Washington community colleges).

It is possible to make this an inclusive provision, but it is also possible to confine this provision to at-risk students.

As will be noted later in this document – in the section on implementation – it is appropriate to view progress metrics as transitional in nature, being phased out after sufficient time has elapsed to allow improvements that lead to increases in numbers of degrees granted to be effective. The exception is community colleges where recognition of their transfer function should be incorporated in an explicit way on an ongoing-basis.

7. Limit the categories of outcomes to be rewarded. A frequent urge is to create an ever-expanding list of variables that can serve as drivers of the outcomes-based funding model; all institutions will press for inclusion of a factor that will benefit them. It must be remembered that outcomes-based funding should reward contributions to attainment of state, not institutional, goals. State policymakers are counseled to keep the variables attached to each type of institutions to no more than a half dozen. One of the primary purposes of outcomes-based funding is to focus institutional attention on key state priorities. If state policymakers can't limit the number of priorities, they are providing insufficient leadership and the message sent to institutions will be garbled at best. Success will be achieved only if the message is clear.

8. Use metrics that are unambiguous and difficult to game. <u>Numbers</u> of graduates is an unambiguous measure; students either graduated or they didn't. <u>Graduation</u> <u>rates</u> on the other hand are metrics fraught with ambiguities. There are all kinds of definitional problems associated with determining rates. Furthermore, institutions can "game" improvements in graduation rates; rates can be improved by graduating fewer, better-prepared students. This doesn't serve the overall goal – raising education attainment by graduating more students.

   Regardless of the goal being pursued, it is always useful to test the metrics that will serve as drivers of the calculation by asking two questions:

   - If an institution sought to maximize their benefit on each metric what would they do? What is the easiest way to "win"?
   - Is the behavior elicited the intended behavior?

   If the answer to the second question is "no", go back to the drawing board; the chosen metrics are constructed incorrectly.

9. Avoid designs that reward institutions only as they attain a fixed goal. Creating conditions under which institutions can be rewarded only if they reach a predetermined level of outcomes is generally a bad idea. Either the goal will be set too low in effort to ensure success by at least a few institutions, or the goal will be viewed as unattainable and institutions will give up before they make a concerted effort to succeed. Better each institution's current outcomes be established as the baseline and funds allocated on the basis of year over year improvements from that baseline.
10. Address the quality issue. The first attack on outcomes-based funding will come from those who will argue that such funding promotes a reduction in quality – institutions can easily graduate more students if they lower their standards and become diploma mills. While faculty, as the guardians of academic integrity, are unlikely to allow this scenario to play out, the concern about quality is real and should be addressed head-on. The country and states not only need more degree-holders, they need degree holders with higher, not lower, levels of knowledge and skills. Two states (Arkansas and Missouri) have explicitly included a quality metric in their funding models. Other states (Nevada is a prime example) are putting in place faculty-led processes intended to produce a set of metrics to track quality levels over time and potentially be incorporated into the funding model. This principle is so important that it is being expanded in this version of the document to recommend against constructing an outcomes-based funding model on top of a base funding model that is widely viewed as badly flawed and yielding inequitable results. In this instance the recommendation is to design a new model incorporating both base and outcomes features. This is the approach taken in Colorado, Nevada, and Massachusetts, for example.
11. As was argued earlier in this document, recognize that outcomes-based funding is but one piece of the overall financing model for any institution of higher education, this is true even in Tennessee where 95% of the state appropriation to institutions is allocated on the basis of outcomes.

The bottom line message is "don't create an outcomes-based funding model and declare the financing policy work to be done." Among the items of unfinished business are steps needed to align tuition policy and the other elements of the state funding process with degree completion and other state goals. Equally important is successfully implementing the outcomes-based funding model once designed. Some principles of good practice in this regard are presented in the next section.

Implementation Principles

Even the best designed outcomes-based funding model is doomed to failure if not thoughtfully implemented. And a key to successful implementation is involvement of the major stakeholders from the very beginning of the design process.

. It's not just adherence to sound principles; but the environment in which they're deployed that matters. Institutions are understandably interested in the means by which state funds are distributed. For both technical and political reasons it is important to have institutional representatives at the table at every step. Most have knowledge and experience that will improve the final product. Equally important, their involvement improves the chances of achieving a model that has broad support.

But institutional representatives are not the only voices to be heard during the development process. Since sustained implementation depends on broad political support, it is important to keep key legislative and executive branch staff in the loop as a way of ensuring that objections are heard earlier rather than later. And while the political cultures of most states would not have representatives of the business community as full participants in the design process, their support of the notion of pay for outcomes and of the kinds of outcomes that should be rewarded is often critical.

More specific suggestions regarding implementation practices include:

12. Make the outcomes-based funding pool large enough to command attention. Controversy almost always surrounds the determination of the proportion of the state appropriation to be allocated on the basis of outcomes. Institutions typically argue for a small percentage; there is comfort in business as usual. Policymakers take the opposite position; more is better. There is no proven right answer and different states have reached different conclusions in this regard. Tennessee for years allocated 5.4% of the state appropriation on the basis of performance. Under the new Tennessee model, nearly all of the allocation is outcome based. Legislation in both Colorado and Louisiana sets the amount at 25%. Indiana now has one of the lower amounts at 6.5%. As a general principal, the smaller the share of institutional resources derived from the state the greater the percentage of state funds that should be directed toward outcomes. To do otherwise is to render such funding impotent. Given the high institutional dependence on tuition revenues that has emerged as the new normal, a target of at least 25% of state funding being devoted to outcomes is reasonable. In a state where institutions get half their revenues from tuition, this level of state funding represents only 12.5% of institutional revenues.
13. Don't wait for new money. Given the economic outlook for most states, funding the outcomes component of the allocation model only with new resources is a recipe for indefinite postponement. Because pursuit of state goals is such an imperative, delay in attaching outcomes requirements to some part of the allocation sends entirely the wrong message.
14. Include a phase-in provision. Don't try to do it all at once. If the ultimate size of the outcomes fund is intended to be 25%, consider phasing it in at the rate of 5% over five years – 5% in year one, 10% at year two, etc. The objective should be to get to the target level as fast as possible without making the changes so large that institutions can't adjust.
15. Employ stop-loss, not hold-harmless, provisions. Institutions should not be held harmless from cuts to their allocations if they are not contributing to state goals. At the same time, cuts should not be so large as to jeopardize the stability of the institution. One way to accomplish this objective is through a "stop-loss" provision that establishes a maximum cut that can be imposed in any one year – e.g., 2% the first year, another 2% the second, etc. At some point – four or five years from the point of implementation – the stop-loss provision should be sun-setted and the outcomes-based funding model should function without artificial constraint.
16. Continue outcomes-based funding in both good times and bad. If pay for outcomes is intended to reward institutions for addressing the most critical issues facing the state, it is hard to see how postponing its implementation could be a good idea. Funds that address the issues identified as being most important should be the last dollars cut, not the first. If the overall state appropriation is reduced, the strategy should be to allocate outcomes-

based funding dollars first and then make cuts. The net effect will be to cut the high performers less than those making a lesser contribution to state goals.

17. Incorporate intermediate/progress factors in the early years of implementation. For reasons discussed earlier in this paper, it is important to incorporate factors that can be affected in the short run. Progress metrics fit this bill. But at the end of the day, it is increased outcomes (in the form of degrees and certificates) that is the objective. As a result, progress metrics should be considered as transition devices and phased out after five or six years. If there is an exception, it should be for community colleges where continued focus on step-by-step progress for a typically at-risk student population can be justified.

The Road Blocks

Those not fully sold on outcomes-based funding will raise predictable counter arguments. Among them:

- Outcome-based funding has been tried before with limited, if any, success. Why should this incarnation of an old idea be any more successful than previous cycles? There are several critical differences this time around. First, as was noted earlier, funding tied to results proved to be exceedingly successful when the intended result was improved access and increased enrollments – so successful that enrollment-driven formulas are hard to dislodge as the normal way of doing business. Second, the driving force is now a state's public agenda; it is increasingly seen as a tool to achieve key goals not as a device for talking the legislature into providing marginal new dollars. As a result, it derives its power from a consensus about priorities, not from promotion by a single persuasive leader or a group of self-interested proponents. Third, data systems are now much improved; it is possible to calculate metrics for important outcomes directly without relying on proxy measures. Finally, legislatures are raising the stakes; it's no longer 2-5%, but 25%. It is much harder to ignore such programs than it was in times past. The issue is not whether funding tied to results works. Rather, the issue is whether the shift from access to access with success can be successfully made.

- What is the evidence that it has made a difference? It's too early to judge in most cases, but there are some states in which implementation has resulted in higher performance.
    - In Tennessee, performance on the metrics included in their model has improved with few exceptions.
    - Similarly, Washington Community Colleges increased the number of momentum points achieved by 12% after initiation of a modest performance funding program.

- You have to restore base funding before setting aside funds for outcomes. This is perhaps the most common argument put forward by opponents of outcomes-based funding. The reality is that institutions are producing their current (baseline) level of outcomes with whatever resources they currently have at their disposal. It should be expected that any new resources lead to higher levels of outcomes, not the same level of outcomes at higher cost.

The Score Card on Implementation

In an effort to get a more complete picture of outcomes-based funding implementation, NCHEMS staff reviewed the models that have been deployed. Only those that actually have been implemented – those that have been used to distribute funds for the current fiscal year – were included in the review. The review covered not only those states in which outcomes-based funding has been applied to all public institutions but those in which such funding models are being used in only one sector (e.g., the four-year institutions in Mississippi or the community colleges in Massachusetts). The results are presented in the appendix to this document.

The review material is organized in accordance with the list of principles presented in the document. Summary tables indicate the extent to which the models in place conform to the principles. This is a device for not only organizing the information, but also testing the list. The exercise proved useful. It provided a robust framework for organizing information and allowed description of key features of state programs. No features of models being implemented that suggested additions to the list of principles were discovered.

In scanning the summary charts, several points worth noting emerge:

- With few exceptions, outcomes-based funding models have been developed in the context of, and in alignment with, state (or System) goals.
- Almost all have provisions that allow for, and encourage, mission differentiation. The exceptions are models constructed for community colleges only. Community colleges are treated alike in all models.
- With few exceptions, the models recognize the importance of successfully serving underrepresented groups. There is considerable variation in the definition of "underrepresented" from state to state, but the characteristic most often reflected is "low-income" as determined by Pell eligibility.
- Only about half the states reward year-to-year improvement in the basic metrics. The rest use most recent year (or three-year averages) as the drivers.
- The majority of the states/Systems that use outcomes-based funding have moved to using completed credit hours rather than enrolled credit hours as the drivers in their base funding models.
- Only Tennessee and Missouri incorporate student learning/quality metrics into allocation algorithms. A small number of others are creating means for monitoring trends in quality metrics that will be used in parallel with their resource allocation models.
- The proportions of state funding being allocated in the basis of outcomes varies enormously from state to state ranging from 0.5% in Illinois to essentially 100% in Tennessee. In several states at the low end of the spectrum, the plans are to move to higher proportions in a stepwise fashion. In these cases, the normative ultimate target is 25%.
- States and Systems that have implemented outcomes-based funding, with few exceptions, have done so by carving the outcomes funding pool out of the base allocation. Only Oklahoma has a provision requiring that outcomes-based funding be implemented only if new funds are provided. The Massachusetts community colleges happened to get new funding (at least in part because they were moving ahead with the new funding model) but the commitment was to implement outcomes based funding even without additional funds.
- Whether or not states incorporate stop-loss provisions depends heavily on the size of the pool and the extent to which significant amounts of money would be reallocated based on formula implementation. Those states/systems that incorporated an outcomes-based component within the redesign of their overall approach (base plus outcomes) were primary

users of this feature. These include Nevada, the Massachusetts community colleges, and the Mississippi Institutions of Higher Learning.

If there is any observation that has emerged from this review (and not encompassed by the principles), it is that the models must be periodically adjusted to allow legitimate improvements. In some cases, change will be occasioned by the availability of new kinds of data. In other cases, changes are made when it becomes apparent that certain metrics don't make a difference or they don't accurately reflect the phenomenon of interest. In the end, it is important to be flexible – but only in the interests of better promoting goal achievement, not of eliminating reallocations and treating institutions "fairly" (interpreted as "equally").

Figure 3 summarizes both design characteristics and implementation strategies for those outcomes-based funding mechanisms used to allocate state funds in FY 2014. Descriptive information for each implementing state/System is provided in the appendix.

Figure 3. Outcomes-based funding Design Mechanisms and Implementation Strategies by State

Principle		2. Goals	3. Inclusive	4. Mission Differentiation	5. Underserved Populations	6/7. Limited number of Program Metrics	8. Unambiguous	9. Cont. Imp.	10. Quality	11. Broad Alignment	12. Large Pool	13. Don't Wait	14. Phase-in	15. Stop-loss	16. Cont. in bad times
Arkansas		×	×	×	×	×	×	×	×		×	×	×		×
Colorado		×	×	×	×	×	×			×	×	×	×	×	×
Florida			×	×	×	×					×	×			×
Hawaii			×	×	×	×	×								
Illinois		×	×	×	×	×	×					×	×		×
Indiana		×	×	\	×	×	×	×		×	\	×			×
Louisiana		×	×	×				×		×	×	×		×	×
Maine	4-Yr			×	×	×	×					×	×	×	×
Massachusetts		×		×	×	×	×			2-yr	2-yr	×		×	×
Michigan			×	×		×					2-yr	×			×
Minnesota			×	×		×						×			×
Mississippi	4-Yr			×		×	×			×	×	×		×	×
Missouri		×	×	×		×	\	×	×		×				
Montana		×	×	×	×	×	×	×			×	×			×
Nevada		×	×	×	×	×	×		×	×	\	×	×	×	×
New Mexico		×	×	×	×	×	×			×		×			×
North Carolina	2-Year					×	×					×			×
Ohio		×	×	×	×	×	×			×	×	×			×
Oregon	4-Yr	×			×	×	×			×	×	×	×	×	×
Pennsylvania	4-Yr			×	×	×	×	×	P			×			×
Tennessee		×	×	×	×	×	×		×	×	×	×	×		×
Texas	2-Year	×		×		×	×				×	×			×
Utah		×	×		×	×	×					×			×
Washington	2-Yr				×	×	×					×			×
Wisconsin	Tech				×	×					×	×	×		×
Wyoming	2-year					×	×				×				×

Concluding Comments

Outcomes-based funding has moved into the mainstream of state-level higher education financing policy. Several states have thoughtfully fashioned approaches to allocation of resources in ways that link funding to achievement of state goals. As a result, there is a growing body of information about good practices regarding design and implementation of such financing models. This brief paper is an attempt to succinctly describe those practices. The field has advanced to the point that the knowledge base regarding "how" to develop such systems is now in place. The issue now is one of political will, not technical know-how.

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