






At-A-Glance: Outcomes-Based Funding Formula



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The Complete College Tennessee Act of 2010 (CCTA) required the Tennessee Higher Education Commission (THEC) to establish an outcomes-based funding formula that funds colleges and universities for specific outcomes, including:

-  measures of student progression
-  degree/certificate completion
-  nonacademic measures, such as workforce training and public service.

The outcomes-based funding formula uses a point system to determine an institution's share of appropriated state dollars. Institutions earn points for the outcomes described above, plus points based on fixed costs and quality assurance scores.

An institution's share of the total state appropriation may increase or decrease based on its performance compared to (1) the previous year, and (2) the performance of other colleges and universities.

An institution's performance determines its share of appropriated state dollars. The amount of funding an institution receives depends on the total state appropriation, which is determined by the General Assembly.

The CCTA also created a Formula Review Committee that is responsible for reviewing formula components, identifying needed revisions, and assuring that the formula is linked to the state's master plan for higher education.



At the end of a five-year cycle, THEC, in consultation with the committee, convenes to discuss and institute any major structural changes to the formula. The review for the 2020-2025 model was postponed due to the coronavirus (COVID-19) outbreak and will resume before summer 2021.

Stay tuned for more from OREA on the OBF, including a primer on how the formula works, profiles outlining each institution's performance, and interactive data dashboards. These will be available in the near future at: <http://tncot.cc/orea>