

## 8 Ideas to Improve Higher Education

TIME asked eight experts what they would change about how Americans get a college degree. Here's what they came up with.

By [Governor of Tennessee, Bill Haslam](#) Oct. 18, 2012

One of the biggest challenges states face is producing a workforce qualified to meet the needs of employers in today's economy. In order to increase degree attainment and begin to close the skills gap that exists between workforce supply and industry demand, states should change the way they fund higher education.

States have traditionally funded their public institutions of higher education based on enrollments. This means the more students attending an institution, the more money that institution receives from the state. While this may incentivize colleges to expand access, it does nothing to incentivize\* (to give incentive to / to encourage) efficiency and productivity. Institutions are rewarded for admitting more students and keeping them enrolled as long as possible, not for ensuring\* (allowing) that every student is making progress toward a degree and ultimately leaving with a credential\* (references) that has value in the labor market.

Instead of funding public colleges and universities based on enrollments, states should use a formula that pays institutions for success in key areas like progress toward and completion of degrees and credentials. That's what we're doing in Tennessee.

In 2010, our state adopted a new model—one that funds institutions based on outcomes. While we continue to build on our efforts to raise educational attainment levels in Tennessee and make sure our workforce is prepared for a dynamic economy, other states are following suit and implementing performance-based funding models within their higher education systems. Although Tennessee remains the only state to have a 100 percent **outcomes-based model**, four other states now **determine institutions' base funding** through **an outcomes-centered approach**. Several other states either have in place or are transitioning to some type of performance funding.

Although some in higher education may oppose **tying funding to outcomes**, we are already seeing this model changing the way our postsecondary institutions do business, and we know our workforce will be the beneficiary.