



# Essentials of Institutional Transformation:

Advancing Equity and Excellence Through a State Performance-Based Funding Model



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# ABOUT THE FRONTIER SET

In 2015, the Bill & Melinda Gates Foundation (BMGF) launched an initiative called the Frontier Set. The Frontier Set united thirty-one colleges, universities, and state systems in a shared commitment to serve first-generation, low-income, and other underrepresented minority students by eliminating race, ethnicity, and income as predictors of student success.

In addition to BMGF, six intermediaries—American Association of State Colleges and Universities (AASCU), Aspen Institute, the Historically Black Colleges and Universities Frontier Set Intermediary Team, State Higher Education Executive Officers Association (SHEEO), and University Innovation Alliance (UIA)—and four support partners—American Institutes for Research (AIR), VentureWell, National Student Clearinghouse (NSC), and Rockefeller Philanthropy Advisors (RPA)—were responsible for carrying out the initiative by:

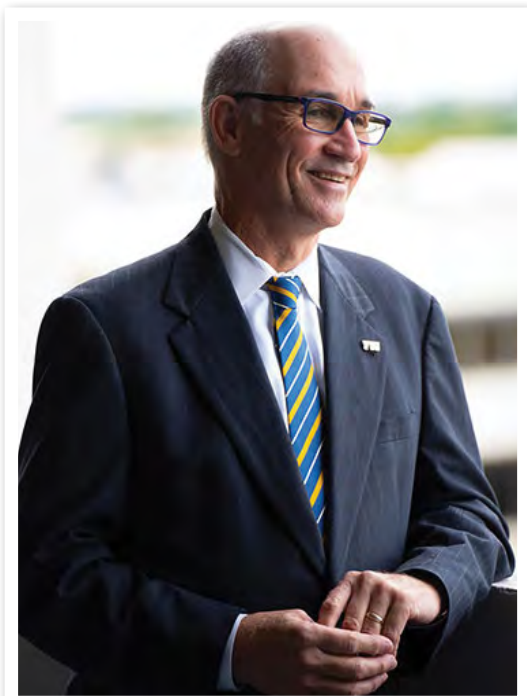
1. designing, implementing, and supporting the network that connects the involved higher education systems; and
2. determining how to gather, analyze, and share the initiative’s findings more broadly. Funding and resources from BMGF supported this process. BMGF recognizes that the efforts made by the Frontier Set will create a strong foundation to scale similar initiatives with more higher education systems in the future.

While the funding period for the Frontier Set ended in 2021, the work continues. The intermediary partners continue to refine and incorporate key interventions with the goal of achieving institutional transformation by closing equity gaps, improving access to higher education, and accelerating the production of degrees for underrepresented students.

The Association of Public and Land-grant Universities (APLU) and the Coalition of Urban Serving Universities (USU), together, are one of the intermediary partners of the Frontier Set. This case study, one of three produced, is a joint effort of the two organizations on behalf of the Frontier Set, in fulfillment of one of the initiative’s key goals: **to share best practices related to institutional transformation.**

# Foreword

from Interim President Jessell



Dear Colleagues:

As one of the founding institutions of the Frontier Set project, Florida International University (FIU) has been given an opportunity to further solidify its commitment to student success, research excellence and community empowerment. We are proud to be a part of this important initiative and grateful that our university's experience can inspire the transformation of other academic institutions committed to educating the leaders of tomorrow.

As Miami's public research university, FIU has a unique role in our community: to combine excellence and opportunity as we shape a new generation of leaders and changemakers. As a Very High Research (RI) university and a leader in social mobility, FIU has taken its responsibility as an anchor institution seriously, through uplifting and accelerating student success in a global city. FIU has invested in its transformation efforts, through redesigning courses that facilitate student completion and increase our graduation rates,

intentionally developing an institutional infrastructure to ensure positive student outcomes and maintaining a significant commitment to research that creates jobs and solves some of our world's most pressing challenges.

Our involvement with Frontier Set has given FIU the opportunity to evaluate all the work we have done to achieve our graduation and retention goals, and to share some lessons learned with our peers. In addition, it gives us the chance to explore additional initiatives, some inspired by fellow higher education institutions, that can ensure our university continues to serve the needs of all students.

As a result of our transformational efforts, FIU recently experienced an impressive rise in the rankings, up 54 spots to #78 among public universities according to U.S. News & World Report: the largest leap for a Very High Research university in the last five years. FIU is also the #1 producer of bachelor's degrees for minorities and #3 among U.S. public universities according to Times Higher Education Young University World Rankings.

FIU's transformational journey is an everyday endeavor and the fuel that motivates our university community to make it to the top. We look forward to sharing our efforts as a participant of the Frontier Set and appreciate the opportunity to collaborate with fellow colleges and universities on this important work.

Sincerely,

A handwritten signature in black ink that reads "Kenneth A. Jessell". The signature is fluid and cursive, with the last name "Jessell" being particularly prominent.

**Kenneth A. Jessell**

Interim President



# GUIDING PRINCIPLE:

## Institutional Transformation

The three institutions participating in APLU and USU's Frontier Set study are Florida International University (FIU), Portland State University (PSU), and Georgia State University (GSU). These institutions contribute to the growing chorus of voices in the field that are united around a common purpose: to document and understand institutional change to improve the lives of students and the communities in which they are based. The Frontier Set project also provided the APLU/USU participating universities with the opportunity to underscore the important role that urban-serving universities play as models and agents for transformational change. Given their legacy of educating diverse student populations and their ability to creatively scale effective practices, urban universities serve as valuable models of the institutional transformation process. With support from the APLU/USU and BMGF, the three participating universities in this study are exploring what it takes to achieve successful institutional innovation and transformation. Collectively, their efforts provide a framework to guide other universities' transformational change initiatives and explore the financial and human costs of such transformation.

Institutional transformation has been regularly occurring at many higher education institutions. However, prior to the Frontier Set research, it remained unclear how that institutional transformation occurred and, more importantly, how it contributed to increased student success at scale

and for institutions that were primarily focused on “expand[ing] access, persistence, and completion for those who have historically been excluded from the benefits and value of higher education.”<sup>1</sup> Without that understanding, translating success to additional universities was difficult. Today, it's imperative that more universities adopt widespread transformational change in order to contribute to national economic stability and overall prosperity. To achieve these goals, leaders of Frontier Set institutions have pledged finances and efforts to explore and explain change initiatives—both their successes and failures—so that other institutions can learn from, adapt, and integrate similar transformations on their campuses.

Understanding institutional change requires studying the forces that inspire, catalyze, and drive change. Institutional transformation within universities can stem from external and/or internal forces. Examples of external forces include federal and state policies, the philanthropic community, and globalization. Examples of internal forces include changes in leadership, student demographics, and institutional strategic finance. Additionally, growing enrollments of traditionally underserved or marginalized populations in public universities, paired with increasing financial challenges, create an uncertain future for higher education. Together, these factors create an urgency for higher education transformation.

Each case study APLU/USU developed focuses on institutional transformation through the lens of one participating institution and its experience. Throughout this case study, the terms “institutional transformation” and “institutional change” are used interchangeably to describe the realignment of an institution's structures, culture, and business model to create a student experience that results in dramatic and equitable increases in outcomes and education value.<sup>2</sup> In this case study, we examine Florida International University (FIU) and the relationship between state performance-based funding and institutional transformation.



<sup>1</sup> [Why is transformation important? - Frontier Set](#)

<sup>2</sup> Bill and Melinda Gates Foundation: Frontier Set



# INSTITUTIONAL TRANSFORMATION

## with a State Performance-Based Funding Model

For institutions seeking transformational change of any kind, understanding how to be responsive to external stakeholders must be a core focus. In this case, the state of Florida adopted a performance-based funding model to determine funding for institutions. It is important to consider how shifting the funding model of a university may present challenges to sustaining an institutional change agenda.

### What is State Performance-Based Funding?

State performance-based funding (PBF), also known as outcomes-based funding, is the process of “directly t[ying] at least a portion of a college or university’s available funding to student outcomes.”<sup>3</sup> In a state PBF model, an institution’s receipt of additional state funding or reallocation of its base state-funding budget, or a combination of the two, is based on that institution’s performance. As of fiscal year 2020, there were approximately 30 states implementing some form of a PBF model for the duration of the year.<sup>4</sup> State PBF models are often tied to metrics such as retention, graduation rates, and cost to student—a shift from more traditional funding formulas that are based on enrollment numbers.<sup>5</sup>

### The Impact of State Performance-Based Funding

The impacts of the state performance-based funding (PBF) model have been debated since its inception. Proponents of the model note that it can help increase college completion through accountability.<sup>6</sup> Critics, though, note that PBF models often overlook equity and argue that equity should be an intentional part of the state PBF development process.

Another potential problem exists when the metrics a state uses to measure success do not align with an institution’s mission.

For example, open-access institutions, institutions that serve many transfer students, and Research 1 universities may have differing core missions. State PBF models that do not account for institutional mission may result in unintended consequences, as “having a set of particular indicators measuring and gauging institutional performance may narrow institutional officials’ perceptions and practices and may cause them to neglect other important aspects in their respective institutions.”<sup>7</sup> Based on the widespread adoption of state PBF models, institutions in states that have already adopted PBF models must continue to adapt to formula changes and metrics, while those in states that have not yet implemented PBF models may want to consider how such a model would impact them should it be implemented.

While public institutions must be ready to adapt to when or how their states’ funding model changes, having a strong strategic vision, commitment to student success, and comfort with change already in place can help ease the process when it arises. By understanding the potential unintended consequences of adopting a state PBF model—such as admissions selectivity or pulling focus away from an institution’s core mission—institutions can commit to creating plans that account for equity as a core value, while still leveraging data to improve outcomes in alignment with state PBF metrics.

<sup>3</sup> <https://journals.sagepub.com/doi/10.3102/0162373720953128>

<sup>4</sup> <https://journals.sagepub.com/doi/10.3102/0162373720953128>

<sup>5</sup> <https://www.americanprogress.org/article/performance-based-funding-of-higher-education/>

<sup>6</sup> [https://aascu.org/uploadedFiles/AASCU/Content/Root/PolicyAndAdvocacy/PolicyPublications/Performance\\_Funding\\_AASCU\\_June2011.pdf](https://aascu.org/uploadedFiles/AASCU/Content/Root/PolicyAndAdvocacy/PolicyPublications/Performance_Funding_AASCU_June2011.pdf)

<sup>7</sup> [http://www.digitalcommons.www.na-businesspress.com/JHETP/AlshehriYM\\_Web16\\_4\\_.pdf](http://www.digitalcommons.www.na-businesspress.com/JHETP/AlshehriYM_Web16_4_.pdf)



# ABOUT FLORIDA INTERNATIONAL UNIVERSITY (FIU)

Located in Miami, Florida, Florida International University (FIU) was home to 58,928 students in fall 2020. Of those students, 40 percent attended part time and 64 percent resided in the Miami metropolitan area. Sixty-five percent of undergraduate students received financial aid during the 2020-2021 academic year, including 50 percent of undergraduates receiving a Pell grant in fall 2020. During the same year, FIU awarded 13,986 bachelor's degrees and 4,170 graduate degrees.



**65%**

receive financial aid

**50%**

receive Pell grants

**13,986**

bachelor's degrees awarded in 2019-20

**58,928**

students in Fall 2020

FIU

FIU serves a diverse student body. It is designated as a Hispanic-Serving Institution and has received the Excelencia in Education's "Seal of Excelencia" in recognition of its development of student success initiatives designed to serve Hispanic students.

In 2021, U.S. News & World Report ranked FIU 6th overall and among the top five public universities for social mobility.<sup>8</sup> In 2021, FIU ranked 25 out of 1,549 colleges and universities in the U.S. on the Social Mobility Index (SMI), which "measures the extent to which a college or university educates more economically disadvantaged students (with family incomes below the national median) at lower tuition and graduates them into good paying jobs," and was recognized as the top-ranked institution in Florida on the SMI.<sup>9</sup>

<sup>8</sup> <https://news.fiu.edu/2021/fiu-climbs-17-spots-in-u.s.-news-rankings#:~:text=FIU%27s%20improvement%20is%20the%20greatest,announced%20on%20Monday%20include%20No.>

<sup>9</sup> <https://www.socialmobilityindex.org/>

<sup>10</sup> Performance-Based Funding - State University System of Florida (flbog.edu)

<sup>11</sup> <https://www.fiu.edu/about/vision-and-mission/index.html>

The Florida Board of Governors approved a state performance-based funding (PBF) model for the State University System of Florida in 2014. The current PBF model for the State University System of Florida is comprised of ten metrics, including those related to academic and employment outcomes of students. The PBF model was developed in consideration of the following four principles: "1) use metrics that align with [State University System] Strategic Plan goals, 2) reward Excellence or Improvement, 3) have a few clear, simple metrics, and 4) acknowledge the unique mission of the different institutions."<sup>10</sup> FIU has more than seven years of experience in adapting to the model and developing innovative student success initiatives. It is a model of success because it ensured that the required state PBF metrics were used as a measure of success in addition to its own mission to "s[erve] its students and the diverse population of South Florida."<sup>11</sup> APLU and USU have worked with FIU over the course of the Frontier Set project with the goal of better understanding how a shift to a state PBF model affects a university's capacity for institutional change. This exploratory case study will address and analyze:

1. factors that drive institutional transformation;
2. how student success infrastructure can be designed and implemented to function alongside a shift to a state PBF model; and
3. specific strategies and resources that may be applicable to other institutions experiencing a change in their funding models.



# Causes of **TRANSFORMATION**

Shifting student demographics, needs, and learning preferences have driven institutions to reprioritize, adapt, and, sometimes, completely alter the ways they meet students where they are.

Colleges and universities are constantly facing internal and external pressures to adapt and change in order to improve student success and keep their competitive advantages. However, throughout the last decade, higher education institutions have continued to grapple with their ability to become change-ready organizations. As budgets are cut, significant leadership transitions occur, and the needs of tomorrow's learners constantly evolve, what ultimately pushes an institution to move from its current state to its ideal future state?

While adapting to a state performance-based funding (PBF) model may drive aspects of institutional transformation, Florida International University (FIU) has demonstrated how its vision for serving its community can also influence its approach to achieving state-set PBF metrics. Even as FIU aligned its initiatives and operations to the state-defined metrics, it remained committed to equity and its mission as an urban-serving anchor institution committed to contributing to the well-being of its community. This commitment was supported through the dedication of FIU's faculty, staff, students, and board. FIU responded to state PBF metrics while simultaneously defining its own goals related to social mobility and accessibility; in doing so, it charted a path towards institutional transformation that met both external and internal stakeholder requirements. FIU turned what may have been viewed as a challenge into a drive to create an institution that provides students with access to a quality education.

## **Building a Strong Foundation**

The ways each institution navigates transformational change efforts varies based on institutional culture, previous change efforts, resources, goals, and timelines. However, the primary driving factors behind the need for transformational change are often parallel. Changes within an institution can occasionally be spurred solely by the realization of an opportunity for growth and improvement. However, higher education has historically positioned itself to react to developments versus attempting to foresee future developments. It is indisputable that, in order to endure, higher education institutions must shift in significant ways, especially amidst the global COVID-19 pandemic and ongoing racial justice movement.

Over the last decade, there has been a significant shift in how institutional leaders define and discuss student success. There appears to be a growing awareness across higher education for what students experience both inside and outside the classroom and how their experiences affect their overall satisfaction as a student. Shifting student demographics, needs, and learning preferences have driven institutions to reprioritize, adapt, and sometimes, completely alter the ways they meet students where they are.

FIU has experienced a significant shift in its operations and approach to student success since 2014. However, its commitment to institutional transformation can be seen through several key initiatives, all of which helped to build a solid foundation that has allowed it to adapt not only to external measures of success, such as state performance-based funding (PBF) metrics, but also to the needs of its students.



## FIU Initiatives

While the shift to a state PBF model allowed FIU to reflect on how it operates, FIU attributes its ability to respond quickly to external changes to its hiring of faculty and staff comfortable with change and willing to help develop creative solutions.<sup>12</sup> There are three primary ways that FIU's addressing of state PBF metrics facilitated its institutional transformation process: (1) it shifted to using data-driven decision-making; (2) it placed a focus on innovation in teaching and learning; and (3) it created intentionally designed initiatives and programs focused on student success.



### Data-Driven Decision-Making

One key to FIU's transformational success has been its focus on data-driven decision-making. FIU has established a data-driven culture that relies on evidence to inform policies and shape its student success initiatives. Those data points are utilized to help individuals at all levels of the institution, including the executive leadership team, deans, faculty, student services administrators, and frontline student-support personnel. FIU relies on its Analysis and Information Management (AIM) department and Division of Information Technology to provide reports and updates on several metrics related to student retention and to develop dashboards to help departments across the university track student progress. Those efforts are illustrated through the establishment of the Communication Protocol for Accountability and Strategic Support (ComPASS) initiative. The ComPASS initiative involves three annual, university-wide meetings that bring together FIU's executive leadership team, deans, associate and assistant deans, and those involved in each department's student success programs and services. In preparation for these meetings, each academic unit holds its own pre-ComPASS meetings with their teams and individuals from the central administration to review data and discuss trends or concerns. These meetings not only contribute to FIU's evidence-based culture, but they also lead to honest conversations and realizations about where FIU needs to focus its efforts in order to better support student success.

One important aspect of utilizing data and evidence to guide decision-making involves disaggregating those data to identify students who might need additional support and illuminate any potential inequities or existing achievement gaps. This focus ensures FIU remains committed to its mission while also responding to external measures of accountability.

FIU's attention to metrics ensures that it remains focused on achieving student success. However, meeting metrics is not FIU's only goal; it also aims to explore how the state performance-based funding model can help FIU leverage institutional data and improve student success. While the state PBF model may have accelerated the speed at which FIU adopted a culture of data-use, FIU used this momentum to continue cultivating a student-centered ethos focused on equitable access and outcomes.



### Innovation in Teaching and Learning

Florida International University (FIU) has also demonstrated commitment to innovative teaching and learning strategies in order to improve teaching and student success. Efforts in these areas are essential because students spend the majority of their time on campus engaged in classrooms. FIU redesigned certain courses to include culturally responsive teaching practices that create a more inclusive environment, positively impacting student retention, completion, and cost to the student. It used data to select the courses it redesigned, which was key to ensuring a return on investment for the university.

As FIU examined student data, it identified courses and programs that were creating roadblocks for students. The process led to dean-supported, faculty-led conversations about how FIU might adjust curriculum without negative impacts on academic rigor. The conversations also provided the academic departments with opportunities to focus on the learning outcomes that would best serve their students, both during college and after graduation. In addition, some of the academic departments developed new majors and academic tracks to ensure that more students had a suitable pathway to fulfilling their academic and career goals.

FIU focuses on redesigning courses that are called Gateway and Gateway to Graduation courses. Gateway courses are those that have high impact on first-to-second-year retention, and Gateway to Graduation courses have high impact on progress toward degree completion in a given discipline. Another key course transformation project is the Certified Hybrid Instructor initiative, which provides faculty guidance and support in the redesign of courses that will be taught 50 percent in the physical classroom and 50 percent with out-of-class experiences intended to develop independent exploration and increased comprehension of the content.

State performance-based funding (PBF) models and the accompanying national rankings are a driving force behind initiatives and projects like those described above. The new Gateway to Graduation program was funded, in part, because of the history of success in the Gateway and Certified Hybrid Instructor initiatives. The expected returns on investment are improved four-year graduation rates and rates of progression for students in strategic degrees.

<sup>12</sup> American Institutes for Research (AIR) Florida International University 2021 Case Summary



## Pathways to Student Success

Florida International University (FIU) is committed to creating pathways for its students to achieve success both in the classroom and after graduation. The design and implementation of these initiatives are tied to state performance-based funding (PBF) metrics and internal goals outlined in the *Next Horizon 2025* strategic plan. These metrics and goals ensure that FIU's initiatives are designed to impact outcomes, allowing faculty and staff to monitor progress and either make changes quickly or pivot to a different intervention if needed.

One of FIU's most prominent and long-term student success efforts has been its focus on investing considerable energy and resources in its academic advising system. The result has been a new approach to advising that required the university to add more than 90 new academic advisor positions over the past several years and a new reliance on technology to supplement how FIU supports its students. This focus on advising also extends to FIU's transfer pathway, Connect4Success (C4S). C4S partner state colleges have an FIU bridge advisor on their campus, who provides students who intend to transfer to FIU with quality advising and other support services to help them develop institutional affinity before transferring.

An additional initiative that FIU is committed to that has been critical to the success of its students during the COVID-19 pandemic is a focus on emergency aid, completion grants, and financial literacy. FIU invested in building infrastructure around these efforts, including the creation of a Financial Wellness Program (FWP). The FWP works in partnership with the Office of Scholarships on completion grant and emergency aid efforts, ensuring

students receive critical financial wellness coaching and access to workshops on financial literacy topics like debt, savings, credit, and retirement.

Students' ability to establish meaningful careers following graduation is critical. FIU is focused on ensuring students understand how to curate a learning pathway that equips them with the skills and competencies required to succeed in modern work environments. In addition to its focus on building strategic industry partnerships with key employers in Miami and across the United States, FIU has also invested in developing and scaling a model that offers micro-credentials to students, alumni, and community members. The Office of Micro-Credentials works with key stakeholders across the university to align digital badge opportunities in core skills like artificial intelligence, leadership, and emotional intelligence to courses and co-curricular and continuing education opportunities.

FIU's investment in the Office of Micro-Credentials helps to ensure learners understand the tangible skills they are gaining and are prepared to execute them when it comes time for a new internship, career, promotion, or other professional opportunity.





## The Impact of FIU's Central Coordination with Local Deployment Approach

Florida International University (FIU) most commonly deploys initiatives through central coordination with local deployment. This approach was developed to communicate a coordinated university-wide vision (central coordination) that can be executed at the local or college level (local deployment). This approach requires strong stakeholder buy-in and a central vision for success and accountability and is key to ensuring the institution understands the efforts happening across the university and how they impact key performance metrics. It also ensures that key central initiatives related to student success and faculty and staff professional development account for factors such as diversity, equity, and inclusion. Furthermore, central coordination helps to facilitate institutional transformation by providing key data insights that colleges and departments can analyze before proposing interventions and initiatives to address any gaps.

Through FIU's efforts, the FIU Frontier Set transformation team, which consists of student success leaders across a variety of areas at the institution, are helping to fundamentally shape and transform the mindsets and cultures at FIU and in the larger field of higher education. FIU's approach, focused on data and change management, has the potential to be implemented at other institutions.

FIU's initiatives exhibit its dedication to better serving its students, staff, and community at large and creating a strong foundation that can withstand external stakeholder expectations, such as state performance-based funding (PBF) requirements, while driving sustainable institutional transformation.





# PEOPLE-DRIVEN Transformation

A common thread through each of the above initiatives is that people—faculty, staff, and students—are central to institutional transformation efforts. While the state’s PBF model has driven FIU to redesign its operations and quickly develop and implement several initiatives, its faculty, staff, students, members of the board, and broader community have supported the university, creating an institution that can focus on both excellence and equity.

Institutional transformation requires shifting the attitudes and behaviors of key stakeholders to focus on sustained cultural change. Each person with any role in an institution plays a part in the sustainability of that institution’s transformation. While FIU is focused on making data-driven decisions, there is also a key focus on qualitative data and understanding the lived experiences of faculty, staff, and students.

An example of the importance of people to FIU’s transformation process can be seen through FIU’s development of the *Next Horizon 2025* strategic plan. Faculty, staff, and students all contributed goals and ideas for programs. This level of stakeholder involvement helped build buy-in and commitment to achieving the final goals set out in the strategic plan.

The adoption of data as a required component of initiative design and implementation has also fostered

relationship-building across FIU. Departments across campus that may not have historically collaborated with each other began to see the interconnectedness of their efforts and the positive impact of collaboration on student success. For example, while data helped to inform the advising redesign process which led to the investment in additional advisors, the conversations around the role of advising also led to stronger relationships between faculty and the advising community.

People at every level of an organization undergoing or seeking to undergo institutional transformation must know not only why the change is necessary but also how to actively contribute to change efforts. Results from the American Institutes for Research (AIR) case study, conducted as a part of the Frontier Set project, noted that FIU has a distributive leadership culture in which “staff and faculty feel empowered to take risks and raise concerns or ideas to senior-level leaders.”<sup>13</sup> FIU has also demonstrated a commitment to professional development and investing in resources “that enable them to stay on the forefront of advising, student success, and IR.”<sup>14</sup> The shift towards a state PBF model has increased collaboration across the institution, as achieving these external metrics requires coordination and commitment from all internal stakeholders.

<sup>13</sup> American Institutes for Research (AIR) Florida International University 2021 Case Summary

<sup>14</sup> American Institutes for Research (AIR) Florida International University 2021 Case Summary

People at every level of an organization undergoing or seeking to undergo institutional transformation must know not only why the change is necessary but also how to actively contribute to change efforts.







# The Cost of **TRANSFORMATION**

A primary concern that institutions have when thinking about institutional transformation is financial cost. This is a particularly salient issue since many institutions are facing decreased state and federal support. Institutions that are not able to embrace change or meet the changing needs of students will face significant costs later in the form of decreased enrollment and revenue.

The costs of transformation primarily stem from investment in infrastructure, people, and technology. Organizations that adopt a strategy for managing the costs of their transformational change processes will be more successful. Developing processes for reviewing initiatives, establishing calculations for returns on investment, and developing criteria for accountability are key to ensuring that all investments made are planned for, allowing for the sustainability of the transformation.

Since joining the Frontier Set project, FIU's collaboration across offices regarding budget has increased significantly. Based on the considerable resources that have been required to meet the goals of the *Next Horizon 2025* strategic plan, FIU charged the 2025 Commission on Strategic Investments with “establish[ing] an integrative approach that encompasses streamlining current internal processes, reviewing legislative appropriations, and developing clear accountability protocols to make certain that strategic investment funds are distributed in direct alignment with our strategic priorities.”<sup>15</sup> This commission has been key in ensuring that all proposed initiatives develop a strong accountability plan and can connect required funding to outcomes, clearly establishing the project's potential returns on investment.

While transformative initiatives and scaling successful projects require funding, there are three core areas institutions should consider before diving in: (1) opportunity for revenue growth and diversification of revenues;

(2) better understanding and leveraging of capital and investments; and (3) available operating efficiencies and resource reallocation opportunities. Institutions that can intentionally develop strategies for each of these three areas will be better prepared to sustain transformation and revenues long-term. Strategies for the improvement of student outcomes can also help inform more creative and impactful capital campaigns. Creating synergies across an institution are not only critical to creating solutions that will have greater impact but also for reducing redundancy, thereby increasing operational efficiency.

There are several strategies and mindsets that institutions can adopt in order to begin the transformation process, regardless of financial constraints. For example, the shift to a data-informed mindset has helped stakeholders across the institutions understand that having a clear assessment and evaluation plan can help identify when an initiative may not be having the intended impact. At that point in time, they can either adapt or pivot, thereby saving resources

or reallocating those resources to more effective initiatives. Additionally, a commitment to leveraging technology where possible to ensure that human resources are being used in the most impactful ways possible is essential. These foci on returns on investment and finding the appropriate balance of investment in technology versus human resources have been key to the success that FIU has had over the past several years.

FIU has also been committed to developing philanthropy around its student success initiatives. Due to its focus on measuring outcomes and collecting data on student success programming, FIU has been able to engage donors in new ways. Donors are able to see how their contributions will continue to impact success. FIU's completion grant programs, focused on providing funding for students who are facing extenuating circumstances in their last year, are an example of an institutional commitment successfully turned into a program that is now strongly supported by donors.

In addition to philanthropy, FIU faculty often collaborate with central administration on grant proposals and innovative initiatives related to teaching, learning, and student success. This level of collaboration is key to ensuring there is sufficient funding to support institutional transformation efforts.

The role of philanthropy and other one-time/shorter-term funds support institutional transformation. Although these sources of funding may not be sustainable because they are one-time/shorter-terms funds, it is critical to leverage shorter-term funding to pilot initiatives or start transformation efforts.

<sup>15</sup> [https://bot.fiu.edu/wp-content/uploads/sites/27/2020/10/PRINT-VERSION-e-AGENDA\\_Strategic-Planning-Workshop\\_10.6.20.pdf](https://bot.fiu.edu/wp-content/uploads/sites/27/2020/10/PRINT-VERSION-e-AGENDA_Strategic-Planning-Workshop_10.6.20.pdf)



# Risks to **TRANSFORMATION**

Higher education institutions are often criticized for the slow speed at which they enact change. Therefore, when institutional transformation is considered, the task seems daunting. Many institutions, especially those with long histories, may find themselves balancing tradition with desire for change. A report published by Huron, the American Council on Education (ACE), and the Georgia Institute of Technology summarizes the responses of 495 higher education leaders and finds that, “In many cases, administrators’ tendency to delay visionary planning is enabled by older constructs, such as accreditation timelines, leadership renewal cycles and institutional risk aversion.”<sup>16</sup> The same report finds that nearly a quarter of the respondents were “not very confident” or “not confident at all” in their institution’s ability to respond to the top five market trends impacting higher education. Given this information, how are some institutions able to overcome these

<sup>16</sup> <https://www.acenet.edu/Documents/The-Transformation-Ready-Higher-Education-Institution-Huron-ACE-Ebook.pdf>

“Members of the FIU leadership team and community view[ed] the university as an example of what higher education will be like in the future, with respect to prioritizing the student experience and addressing the needs of increasingly diverse populations of college goers.”



barriers, and what influences an institution's ability to balance this perceived risk with the positive impact that institutional transformation could produce?

Performance-based funding (PBF) models can present several challenges to institutions. The clearest risk to institutions operating within a PBF system is an inability to sustain funding if they do not meet the required benchmarks. In many ways, the ability of an institution to transform is based on whether the institution is prepared to manage change. While the acceptance of change at the individual or project level is important, adopting enterprise-level change management is key. Smith, Hyde, Falkner, and Kerlin note that enterprise-level change management requires "an institution's roles, structures, processes, projects, and leadership competencies" all being on board.<sup>17</sup> Without a clear strategy or institution-wide participation mandate, embarking on a transformation journey presents significant risk.

There are several strategies to mitigate risk. One of the most critical components of a university's transformation process is a clear, widely held vision of what success looks like at that specific institution. That vision should be established by the president and shared by senior-level leaders. Without it, buy-in and implementation may not be wide-held, leading to duplicated or competing efforts and, ultimately, financial risk. Institutions like Florida International University (FIU) have adopted a clear vision of student success and what it will take to get there. Through a shift to a state PBF model, it has been able to rely on this vision to ensure effective strategies are developed to meet the required metrics while not losing sight of its commitment to diversity, equity, and inclusion.

FIU has mitigated risk through transparency, communication, and faculty and staff support. Faculty, staff, and students have been participants in planning, and the student voice is represented both quantitatively and qualitatively to ensure initiatives are effectively serving them. The senior leadership's vision for success at FIU is communicated clearly, and departments and colleges across the university intentionally design their services to align to this vision.

FIU serves as an exemplar of how institutions can remain resilient in their institutional transformational processes, even during a shift to a state PBF model. A commitment to continuous improvement requires stakeholders to remain aware and ready to adapt to change when needed.<sup>18</sup> It also requires resiliency in terms of remaining responsive to changes in data or external forces, whether that be something like a state PBF model or COVID-19 impacts. Resilience is cultivated through shared mission and vision among faculty and staff. Even before FIU formally began its

institutional transformational process or was subject to the state's PBF model, "members of the FIU leadership team and community view[ed] the university as an example of what higher education will be like in the future, with respect to prioritizing the student experience and addressing the needs of increasingly diverse populations of college goers."<sup>19</sup> This shared vision has ensured students remain at the center of all that FIU does and fosters the resiliency required to serve students regardless of external factors or events.

In summary, the biggest risk to institutional transformation is whether an institution is prepared to embrace change. Institutions are better suited to respond to new or changing external stakeholder expectations if they are willing to have conversations about change, intentionally develop pilot programs to test new ideas, and accept risk. While responding to external measures of success through the state PBF model, FIU was still able to rapidly accelerate its institutional transformation agenda, adding programs and initiatives focused on improving the experiences of its community and achieving its university-wide mission as an urban-serving anchor institution.

<sup>17</sup> <https://scholar.uwindsor.ca/cgi/viewcontent.cgi?article=1050&context=educationpub>

<sup>18</sup> American Institutes for Research (AIR) Florida International University 2021 Case Summary

<sup>19</sup> American Institutes for Research (AIR) Florida International University 2021 Case Summary

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# QUESTIONS TO CONSIDER

Open and ongoing communication among university stakeholders is vital to the advancement and sustainability of change efforts. It is important to authentically reflect on a university's current culture and circumstances, especially for universities with a state performance-based funding (PBF) model that can impact student success efforts. The questions below can help guide critical discussions among university leaders and possibly spark new ways of approaching institutional transformation efforts.

**Q1**

Where are there opportunities for stronger communication within your university? How will increased communication impact the university's ability to embrace change with a PBF model? Identify the key campus leaders involved in advancing PBF metrics and consider joint efforts to create ongoing communication channels for increased transparency and collaboration.

**Q2**

What are common links within your institution's existing strategic plan and the state PBF model? Expanding on common goals can lead to greater impact.

**Q3**

What are the existing feedback processes available for capturing student voice and understanding lived student experience? How do you plan on evolving these feedback loops throughout your change efforts?

**Q4**

How does your institution define equity and student success? Does this definition align across the institution, and is it embedded in the university culture? How can equity-focused practices ensure departments meet metrics for the PBF model?

**Q5**

What role does the chief financial officer play in decision-making practices for the university under the state PBF model?

**Q6**

What mechanisms (e.g., townhall, surveys, etc.) allow faculty and staff to provide feedback on changes to university goals, purposes, etc. put forth by the state PBF model?







## Resources for Practitioners

The below topics and resources can serve as a starting point for practitioners within institutions that are considering how to begin or foster institutional transformation, especially while adopting a state performance-based funding model.

### **Re-Imagining Outcomes-Based Funding**

<https://edtrust.org/resource/re-imagining-outcomes-based-funding/>

### **Performance-Based Funding and Unintended Consequences**

Ortagus, Justin C., Robert Kelchen, Kelly Rosinger, and Nicholas Voorhees. "Performance-based funding in American higher education: A systematic synthesis of the intended and unintended consequences." *Educational Evaluation and Policy Analysis* 42, no. 4 (2020): 520-550.

### **Change Management**

<https://dealroom.net/blog/mergers-and-acquisitions-change-management>

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FIU's Frontier Set transformation team.

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## About APLU

APLU is a research, policy, and advocacy organization dedicated to strengthening and advancing the work of public universities in the U.S., Canada, and Mexico. With a membership of 244 public research universities, land-grant institutions, state university systems, and affiliated organizations, APLU's agenda is built on the three pillars of increasing degree completion and academic success, advancing scientific research, and expanding engagement. Annually, its 201 U.S. member campuses enroll 4.2 million undergraduates and 1.2 million graduate students, award 1.2 million degrees, employ 1.1 million faculty and staff, and conduct \$46.8 billion in university-based research.

## About USU

The Coalition of Urban Serving Universities (USU) is a president-led organization committed to enhancing urban university engagement to increase prosperity and opportunity in our nation's cities and to tackling key urban challenges. The Coalition includes 41 public urban research universities representing all U.S. geographic regions across 25 states. Annually, member campuses enroll over 1 million undergraduate and graduate students. The USU agenda focuses on creating a competitive workforce, strengthening student success, building strong communities, and improving the health of a diverse population. The Coalition of Urban Universities (USU) has partnered with the Association of Public and Land-grant Universities (APLU) to establish an Office of Urban Initiatives, housed at APLU, to jointly lead an urban agenda for the nation's public universities.



The Association of Public and Land-grant Universities (APLU) and the Coalition of Urban-Serving Universities have been an intermediary member of the Frontier Set since its inception in 2015. This case study, in addition to two other reports produced on institutional mergers and leadership transitions, is a joint effort of the two organizations in fulfillment of one of the Frontier Set's goals to share best practices related to institutional transformation.

Learn more at [www.frontieraset.org](http://www.frontieraset.org)



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