A Comprehensive State-by-State Analysis of State Performance-Based Funding Policy Details

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Introduction to PBF

• Increasingly popular way to hold colleges accountable for their outcomes
• Ties at least a portion of state funding to student outcomes such as retention and completion
• Some states also tie funds to the success of traditionally underrepresented groups or STEM students
• Underlying assumption: Colleges aren’t operating efficiently or prioritizing the outcomes that the state wants
Challenges with policy details

- Multiple efforts to publish snapshots of PBF in given years (HCM, NCSL, academic researchers)
- Key details are often missing:
  - Whether PBF was on the books or actually funded
  - Differences in incentives, metrics, and funding across colleges in a state
  - Disagreement as to whether a state even had PBF in some cases
- No consistent data source of PBF policies and their details over time
Our project

• First effort to collect detailed PBF policy data over time (FY 1997 forward)
• Collecting institutional-level data to capture differences in policies within a state
• We will begin sharing data next year on our new project website (stay tuned)
• Part of a broader project on how states fund colleges and which approaches are the most effective
• Thanks to the William T. Grant Foundation for their support for our data collection efforts
Broad questions we’re looking to tackle

• How do variations in the design of PBF policies impact:
  • Access to college
  • Degree production
  • Labor market outcomes
  • State funding for institutions

• Particularly interested in understanding how variations in PBF design impact these outcomes for underserved students and under-resourced institutions
Specific data elements we’re collecting

- By amount budgeted and amount funded:
  - Amount of funds tied to student outcomes at each college
  - Overall state appropriations
- Amount of funds tied to different metrics:
  - Race/ethnicity
  - Low-income
  - STEM/health professions
  - First-generation students
  - Adult learners
Current landscape of PBF (2019 only)

- **Group 1**: States that have funded PBF systems [n=31]
- **Group 2**: States that have adopted PBF but do not appear to be currently funding their PBF system (AZ, ID, MA, MN, MO, MS)
- **Group 3**: States that have seriously considered adopting PBF in recent years or will adopt PBF in 2020 (AL, NJ, VT, WV)
- **Group 4**: States that have not adopted or discussed adopting a PBF system [n=9]
PBF-Adopting States
(Funded PBF System in FY19)
Status of data collection

• Most of the way through the first shot at data collection
• Working on building 50 institution-level spreadsheets
• Sticking points:
  • Appropriations/PBF data for individual colleges in some states (particularly community colleges)
  • Funding details on individual outcome metrics
  • Policy details on some pre-2010 states
• Expect to hear from us with some questions, and we hope you are willing to help us out!
Example: New Jersey

- Began developing PBF in 1998, with implementation in FY 2000
- Lasted through FY 2002 and then eliminated due to budget cuts
- PBF is coming back in FY 2020 with an equity-focused formula
Example: New Jersey

- Publicly available data:
  - Budgeted funds for community college sector and individual four-year colleges
  - PBF amounts budgeted and received for CC sector and four-year colleges for 1-2 of the three years
  - Information on the broad metrics used for two-year and four-year colleges

- Received from community college association:
  - Budgeted funds for individual community colleges
  - Full data on PBF amounts budgeted and received
  - Details on specific performance metrics and whether they were met
Example: Missouri

- Began a PBF system in FY 1994 and funded it through FY 2001
- Metrics were collected for several years later and PBF remained a priority
- PBF was piloted again in 2012 and funded again in FY 2014
- Funded through FY 2017 before the state stopped funding the program
- Formula is still on the books and data are collected (often considered a PBF state, yet unfunded)
Example: Missouri

- 1994-2001 system looks like many modern PBF systems
  - $300-$1,000 award for minority and low-income graduates
  - Used graduates’ performances on assessments and successful job placement as metrics
- 2014-2017 system looked much different
  - No equity provisions
  - Colleges had some choice in their metrics
  - State auditor called out selection of peer groups
- Which system should be considered 2.0?
- Still hunting down some campus-level funding information
Discussion

• PBF appears to be here to stay, so designing effective systems is crucial.
• What types of questions are you getting in your states regarding PBF?
• Which policy details would be most useful to know?
• How can we add value to the field?
• What other areas need more research about state funding for higher education?