

Centering Equity in Outcomes-Based/ Student-Success Funding Policies

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BOARD of REGENTS
STATE OF LOUISIANA

Agenda

1. Introduction from Research for Action
2. Overview of Louisiana and Washington's strategies for centering racial equity in OBF/SSF
3. Q&A and Discussion

Session Overview

This session proposes to bring together state agency leaders and researchers to:

- Discuss state strategies for centering racial equity in OBF/SSF models
- Present Washington and Louisiana's approach to centering racial equity through formula design and supports
- Consider how COVID-19 has shifted OBF/SSF budget models and conversations

Overview of OBF/SSF

Outcomes-based/ student success funding (OBF/SSF) policies distribute state dollars to public colleges and universities based on the following theory:

- States construct policies that provide financial rewards to institutions to improve outcomes that are important to the state, such as increasing college completion
- Institutions respond to these incentives by adjusting their policies and practices to achieve the outcomes identified in a policy
- These shifts in state policy and institutional practice are designed to improve student outcomes

RFA Research

- In 2018, RFA partnered with Center for Law and Social Policy to conduct a 6-state study of equity-focused OBF/SSF policy
- Data sources include:
 - Interviews with 141 policymakers and institutional leaders across 13 institutions in six states between January 2018 and June 2018
 - Document analysis of legislation, descriptions of policy, meeting minutes, power point presentations, and state- and system-level planning documents

Implications for Equity

- Our analysis examined the ways in which OBF/SSF advanced equity (primary racial/ ethnic and socioeconomic equity) at the student and institution level
- **Synthesis:** Policies that advance equity will balance a focus on student outcomes with providing:
 - Extra incentives and rewards for institutions to increase outcomes for historically underserved student populations;
 - Adequate resources and support for institutions so that they can be expected to increase student outcomes; and
 - Flexibility in performance measures to recognize variation in institutional mission and student demographics

Current Research

- Presently, RFA is monitoring how the COVID-19 pandemic impacted OBF/SSF policies and funding sources
- In addition, we are exploring how, if at all, shifts in OBF/SSF policies affected the level or type of support provided to sectors and institutions that serve Black, Latinx and low-income students
- Data sources include:
 - 30-state document review and media scan
 - Interviews with policymakers between March 2021 and May 2021

Implications for Equity

Of the 14 states that included metrics for underrepresented minority students in their OBF/SSF model in FY20

- 8 are running their formula in FY21
- 3 have implemented a hold harmless,
- 3 are not running the formula.

In addition, most states are maintaining how their OBF/SSF models are structured rather refining models to focus on equity.

Implications for Equity

Building on our policy scan, we further explored how two state systems of higher education – in Louisiana and Washington – were centering racial equity in OBF/SSF formula design and implementation

Equity-focused OBF/SSF mechanisms:

- Louisiana and Washington's OBF/SSF models include equity weights for students based on race/ ethnicity
- Louisiana's OBF/SSF includes a cost factor to their funding formula that distributes additional resources to public higher education institutions serving a proportion of minoritized students above the state average.
- Both states have also embedded its OBF/SSF models in statewide agendas that advance racial equity.

Leveraging OBF/SSF to advance equity

Three emerging lessons from Louisiana and Washington's models:

1. Reinforce race conscious SSF/OBF models with a racial equity vision
2. Invest in race conscious equity metrics and examine how, and at which level, metrics can advance student and institution-level equity
3. Engage diverse stakeholders in strategies to improve OBF/SSF outcomes, particularly for minoritized students

WASHINGTON'S EXPERIENCE

- First attempt in 1997 as a budget proviso, discontinued after legislature did not renew in 2002-03 biennium due to budget cuts
- Next attempt in 2006 when Student Achievement Initiative was adopted as board policy (SAI 1.0)
- 5-year PBF review in 2012 and allocation model review in 2015 incorporated OBF 2.0 recommended design principles to increase focus on completion goals, make performance part of state funding formula, and increased percentage of allocation (SAI 2.0)
- Next 5-year review in 2016 leading to equity focused OBF model (SAI 3.0)

STUDENT ACHIEVEMENT INITIATIVE 3.0

GUIDING PRINCIPLES FOR THE REVIEW

- The initiative supports improved educational attainment for students, specifically degree and certificate completion
- The initiative allow colleges flexibility and supports innovation to improve student achievement according to their local needs
- The initiative accounts for opportunity gaps for underrepresented students and provides incentive for colleges to close the achievement gap

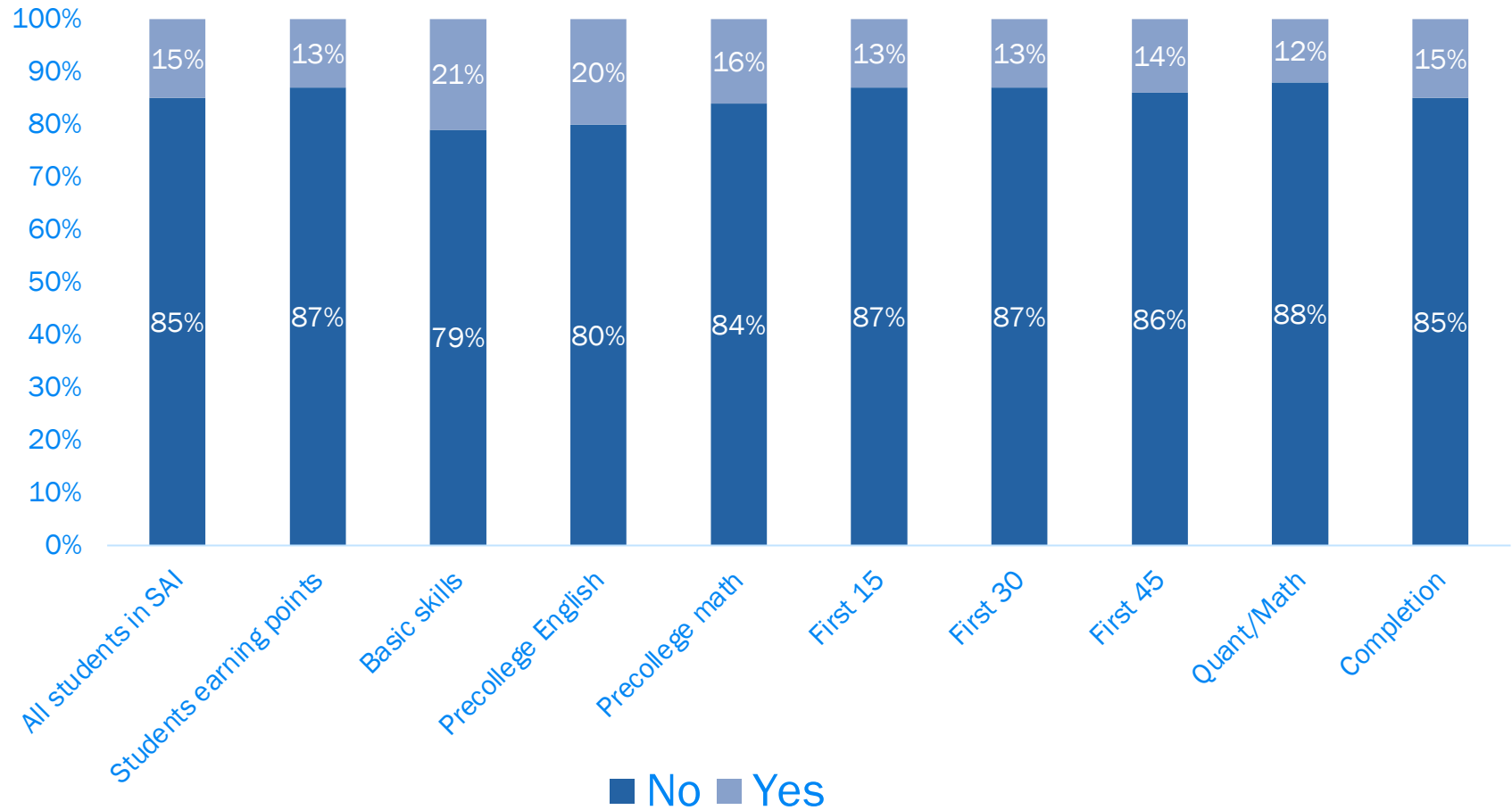
PROBLEM STATEMENTS

- The current metrics do not explicitly address the equity gap
- Should underrepresented students be given extra weight?
- Is the amount of funding dedicated to completions significant enough? If increased, what is the impact to colleges with large underrepresented populations?*

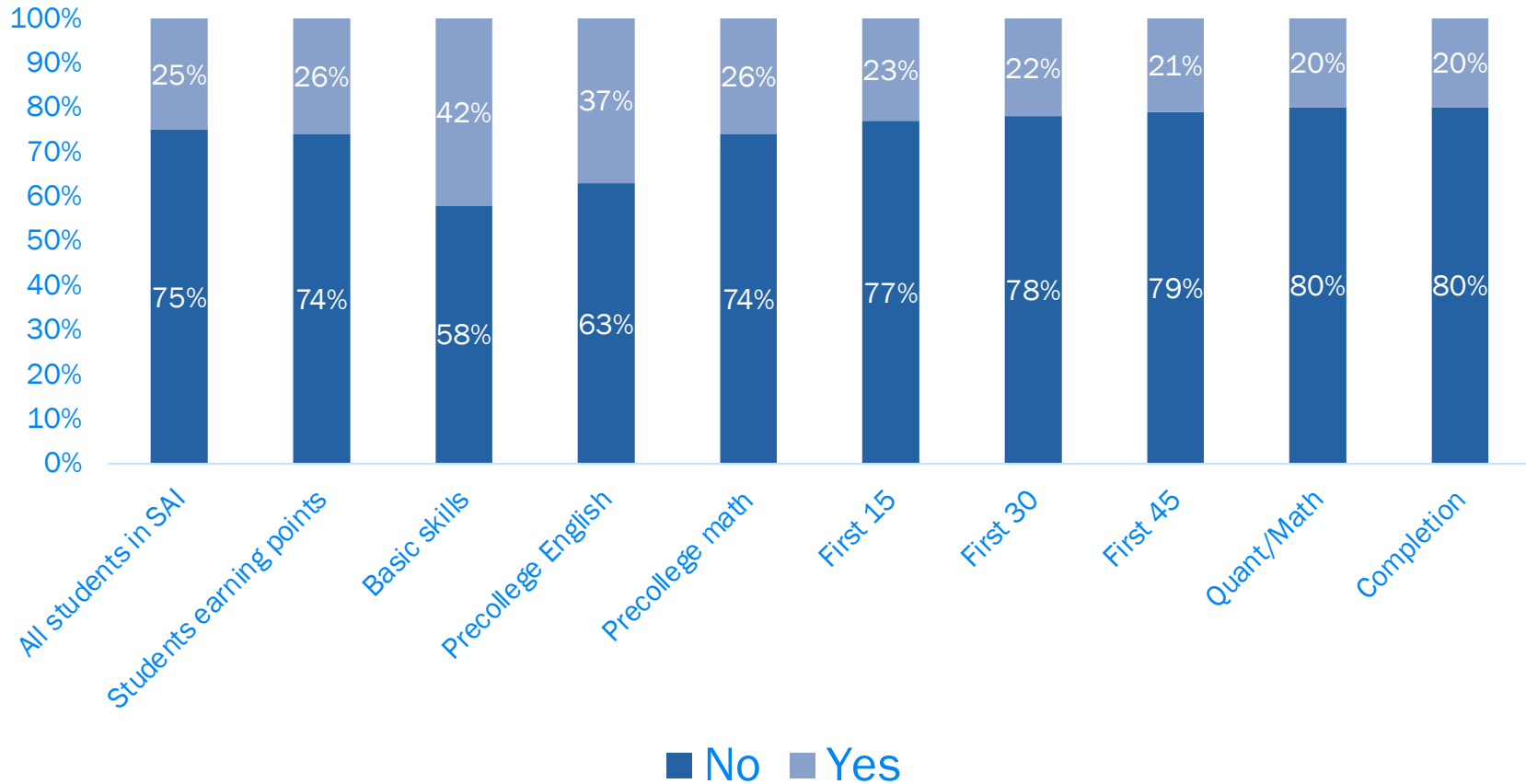


DATA ANALYSIS: EQUITY AND OPPORTUNITY GAPS

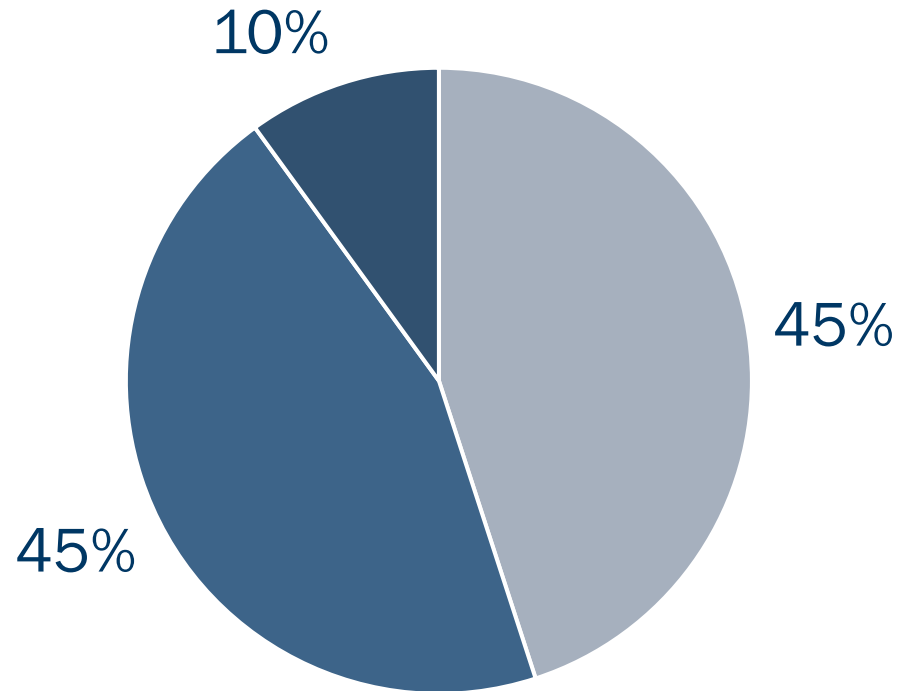
LOW INCOME



UNDERREPRESENTED STUDENTS OF COLOR



FUNDING OUTCOMES ANALYSIS



- Total points less completions
- Completions
- Points per student

EQUITY FOCUS FINDINGS AND DECISIONS

- No new point for STEM course completion
- New college-level English/Communication point added to provide more point opportunities for students transitioning to college, which are overrepresented HU-students of color.
- Extra point awarded for low-income and HU-students of color at the first 15 college-level credit point (duplicative).
- Extra point awarded for low-income and HU-students of color for degree and apprenticeship completions (duplicative)
- Increase the proportion of funds from the performance-funding pool for completions
- Limit the students in the performance-funding pool to state-funded only, no dual enrollment.

Formula Composition and Evolution

Act 462 (2014): develop an outcomes-based formula for 2yr & 4yr inst.

Base

Prior year funding allocation

Cost

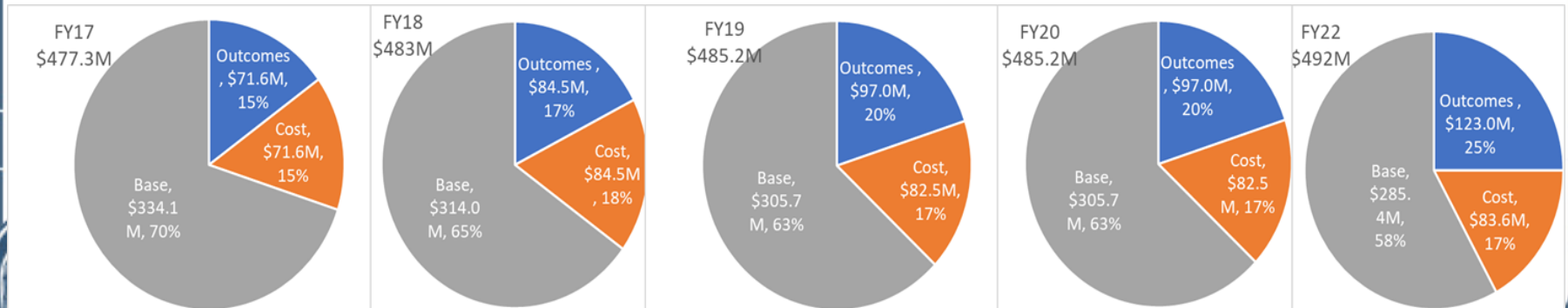
Operation expenses based on:

- program of study
- Instructional facilities
- SREB peer group data
- class size
- support services

Outcomes

Metrics reward:

- degree completion
- programs that align to high demand fields
- student progression
- Research
- completion of Pell grant, minorities, and adult students.



Formula Model

Fiscal Years 2017 - 2019

- Formula recognized state need of adults and under resourced students (proxied by Pell)
- Equity metrics included
 - enrollment of Pell Award students and adults
 - completion of Pell Award students and adults
- Formula metric weight for each was low



Alignment: Formula + Master Plan

The Master Plan goal is 60% of all working-age adults (ages 25-64) in Louisiana to hold a degree or high-value credential by 2030. The challenge is to:

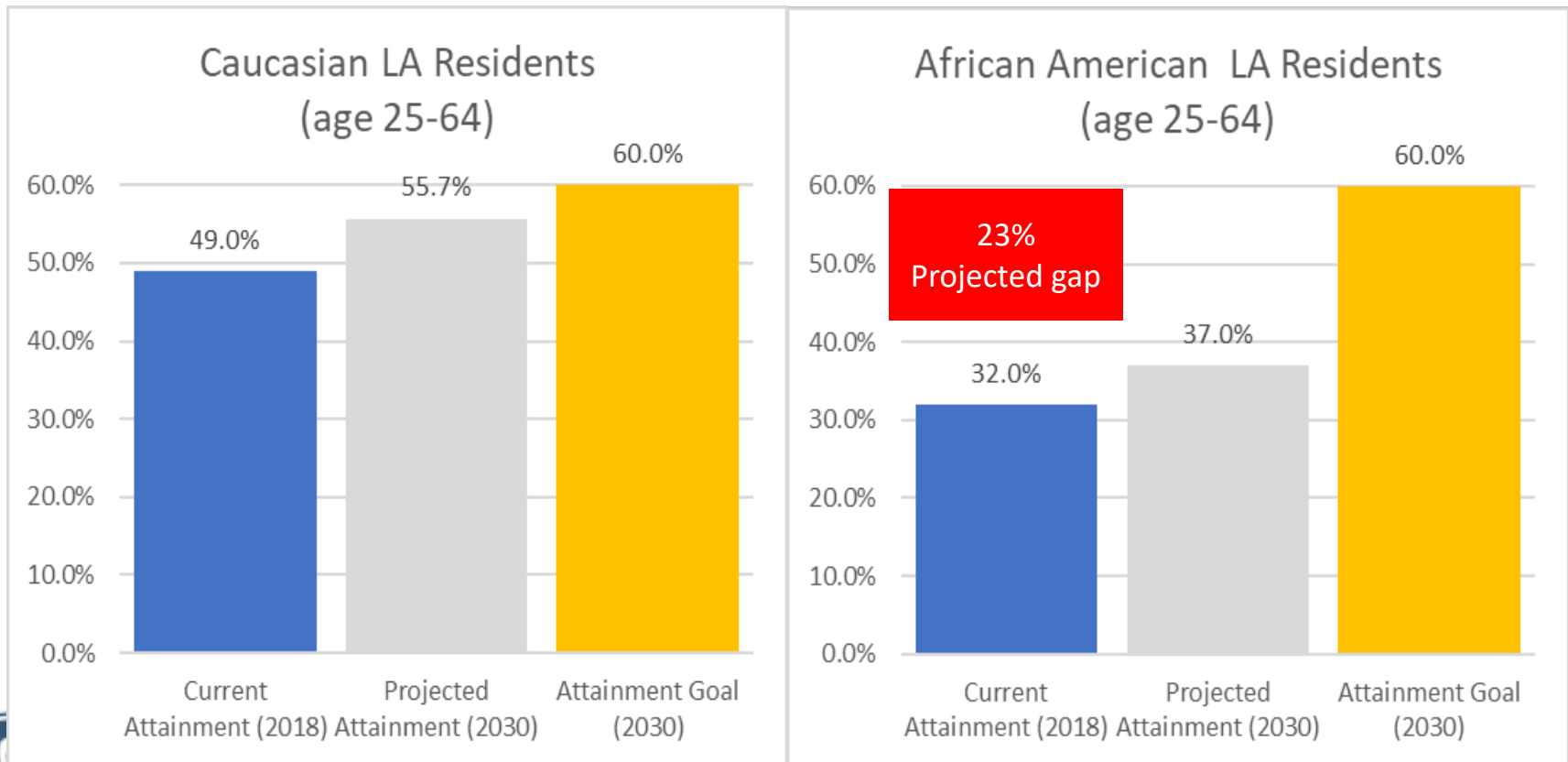
- 1) Expand access and success in completing Postsecondary education;
- 2) Eliminate persistent and damaging equity gaps;
- 3) Significantly increase the education level for adults.

In 2019, BOR and the systems began work on the funding formula to align these challenges to meet the Master Plan goal.



Challenge: Eliminate Equity Gap

The formula alignment to the Master Plan is to erase equity gaps illustrated below.



Changes: Addressing Equity Gap

Cost Formula

- Underrepresented Minority Cost Adjustment added to institutions that have an URM population above the state average to provide additional support to increase outcomes.

Outcomes Formula

- Incentivize Adult (Age 25 and older), Income Equity Gap (Pell) Minority Equity Gap (underrepresented minorities) on completer metric weights.
- Population bands for Income Equity Gap (Pell) and Equity Gap (underrepresented minorities)

Goal: increase adult, impoverished, and minority student completion



Results: Master Plan Alignment

- The formula realignment is focused on completing equity populations.

Formula Metric Categories	Pre-Master Plan Aligned (FY17-FY19)	Master Plan Aligned (FY20-FY22)	Change
Completers	51.6%	40.4%	-11.1%
Research	19.6%	20.8%	1.3%
Equity Completer	2.6%	23.4%	20.9%
Workforce	26.3%	15.3%	-11.0%
Total	100.0%	100.0%	0.0%



URM Cost Adjustment

- Compares average state cost per FTE to cost per FTE by race
- Institutions with URM population above statewide institutional average receive the cost adjustment
- Difference in state cost per FTE and URM cost per FTE is multiplied by institution's URM FTEs
- The URM cost adjustment is then added to institution's total cost



QUESTIONS AND DISCUSSION

- How do we know if OBF/SSF policies are working?
- How can OBF/SSF models signal state priorities? How can they offer “real” financial incentives? How can OBF/SSF do both?
- How do funding formulas evolve with state priorities?
- How do you think an OBF/SSF policy might help to close equity gaps at your institution? In your state?
- How can we assess whether institutions are “spending” in alignment with OBF/SFF/state priorities?