



Funding Equity Analysis – Emerging Best Practices

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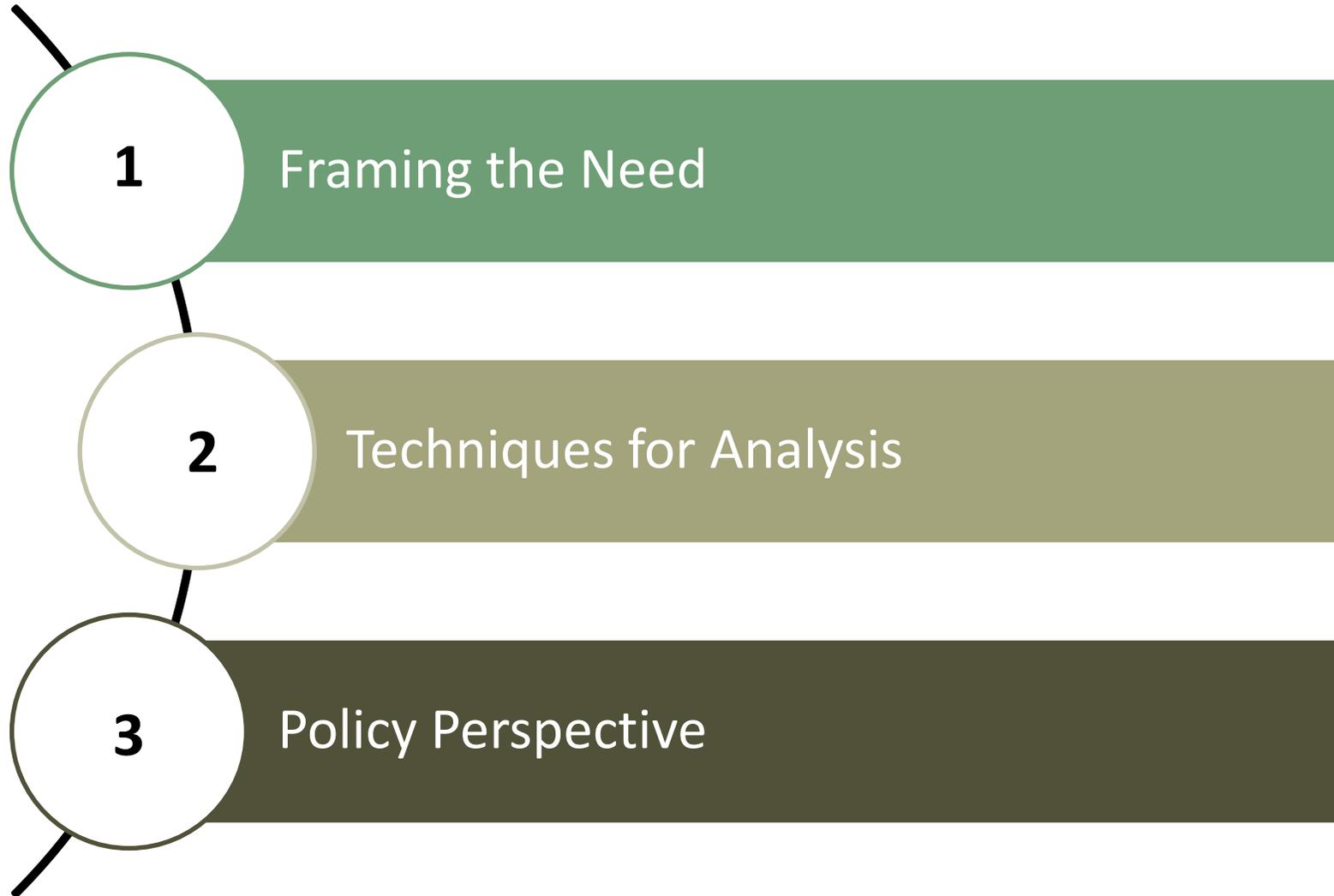
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Overview



Institutional Resources Impact Student Outcomes

State funding and total revenue directly affect enrollment, retention, and completion rates at public institutions

- Inequality \neq inequity
- Unequal funding may be necessary but problems emerge when it harms an institution's ability to serve certain students

Opportunity for Analysis

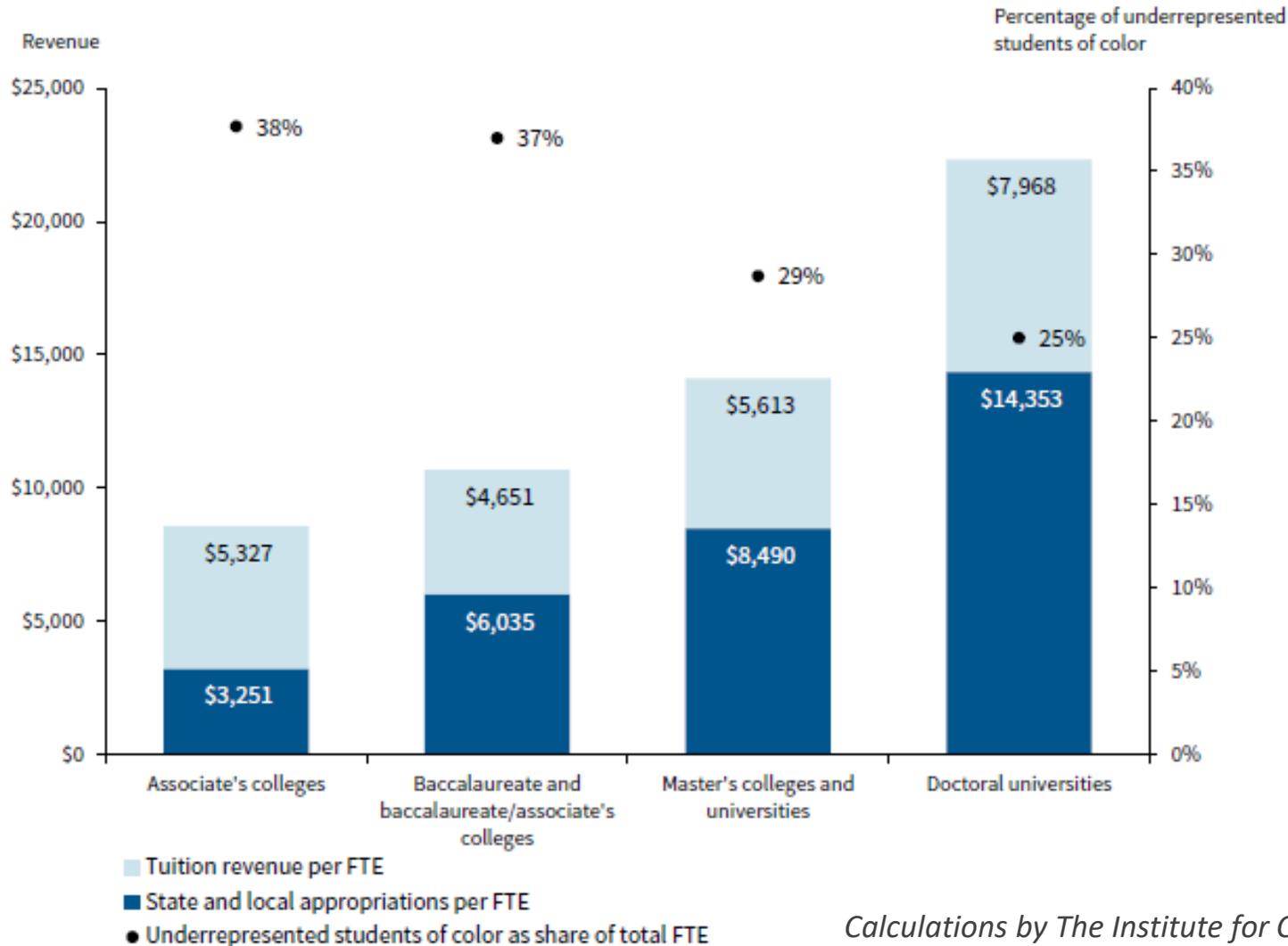
State finance audits can be used to identify inequality and inequities in funding for higher education

Federal interest; required in *Build Back Better*; funding per student with analysis by type of institution; helpful guidance

No consensus on how to define, measure, or redistribute resources equitably

National Data on Funding Inequality

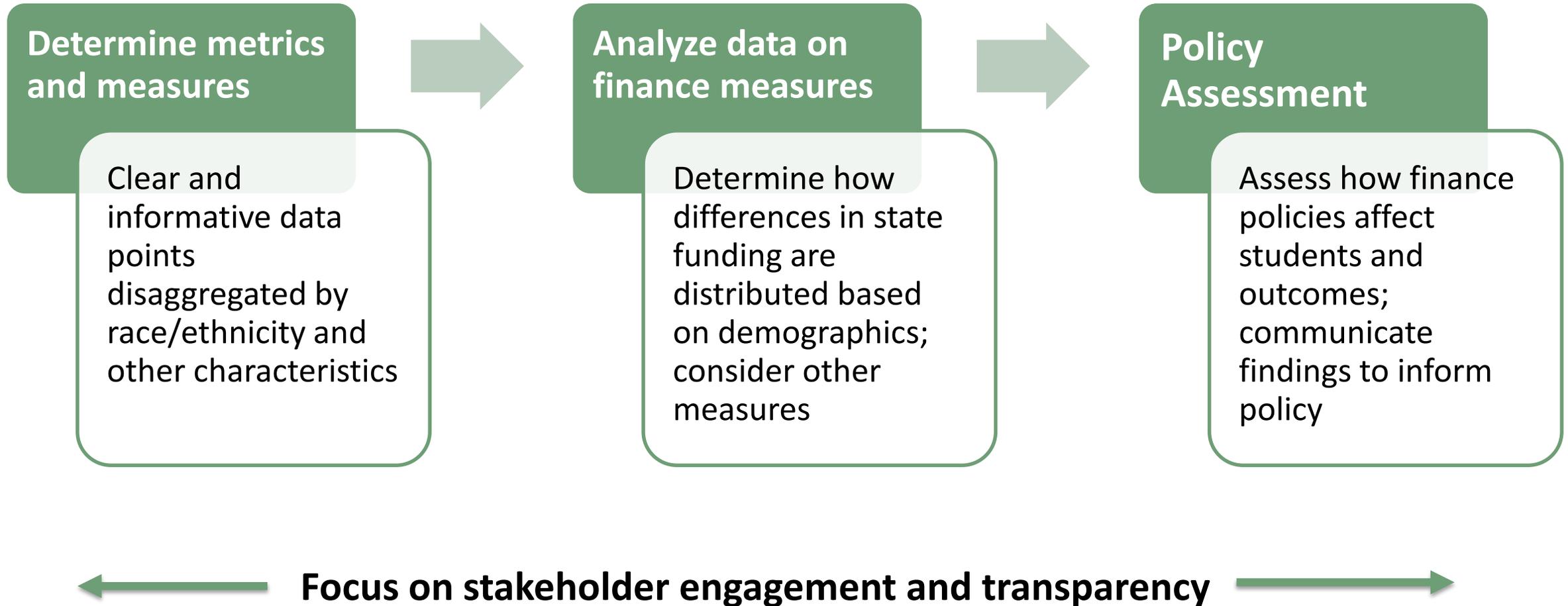
Average revenue per FTE and Underrepresented Student Enrollment by Carnegie Classification, 2016-17.



- Inverse relationship between enrollment of underrepresented students and resources available
- Could create challenges for institutions to support students through completion

Calculations by The Institute for College Access and Success (TICAS) using IPEDS data.

Conducting a State Finance Equity Audit



Determining Metrics and Analyzing Data

What finance measures to use?

- Education and related expenditures
- State and local appropriations
- Totals versus per-student

How to identify highest/lowest funded institutions?

- Rank analysis
- National versus state-specific

How to examine inequitable distribution of funding?

- Racial/ethnic student enrollment by rank
- Socioeconomic enrollment by rank

Measuring Financial Inequality and Inequity

Method 1: Gini Coefficient:

Index describing the equity of a funding distribution

0 = perfect equality

1 = perfect inequality

Method 2: Funding Quintiles by Race:

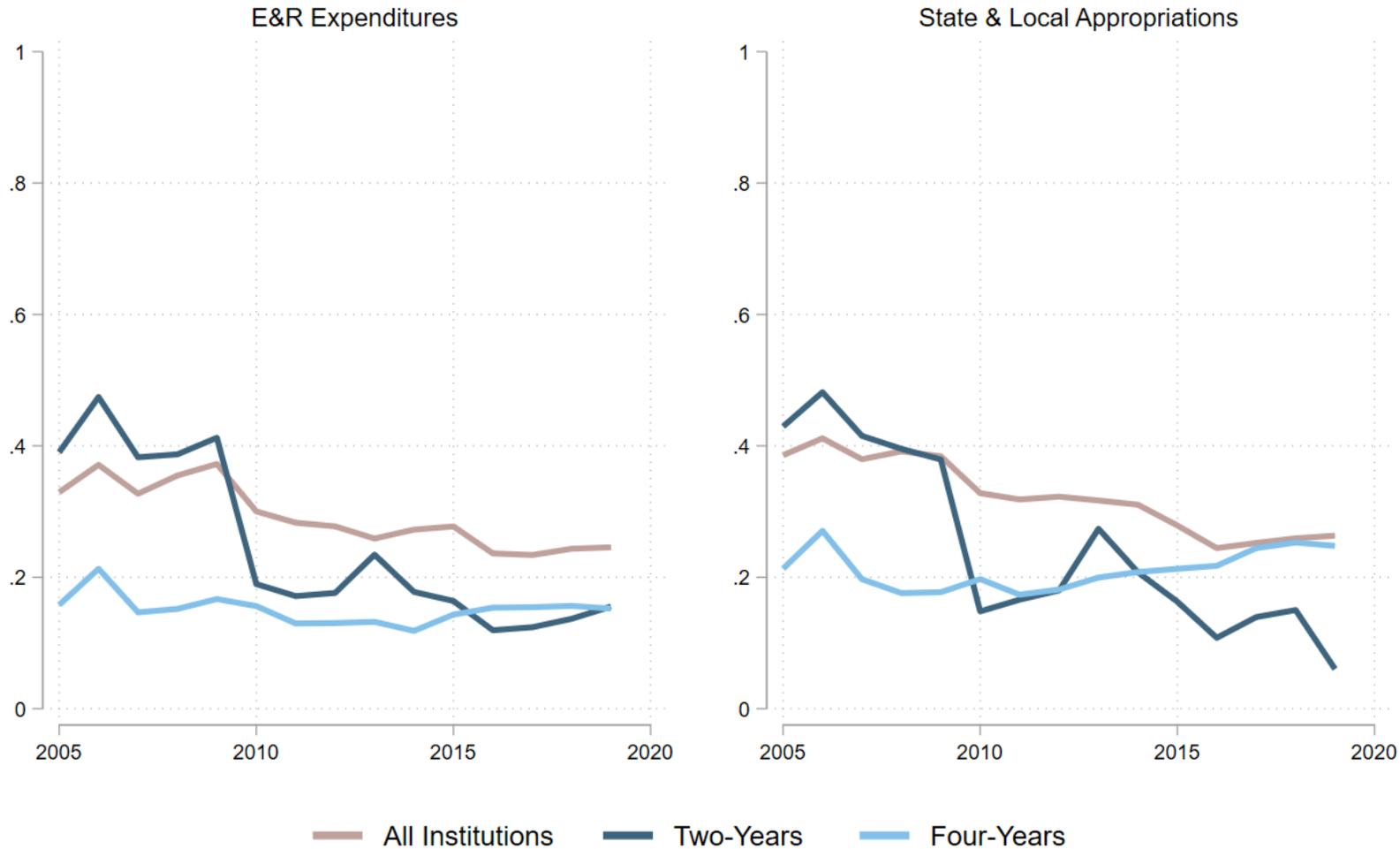
Are students from different racial groups more or less likely to attend well-resourced institutions?

Applications in higher education:

- State and local appropriations
- Education and related expenditures (instruction, student support)
- Could be used with other revenue and expenditure categories

Gini Coefficients, Louisiana

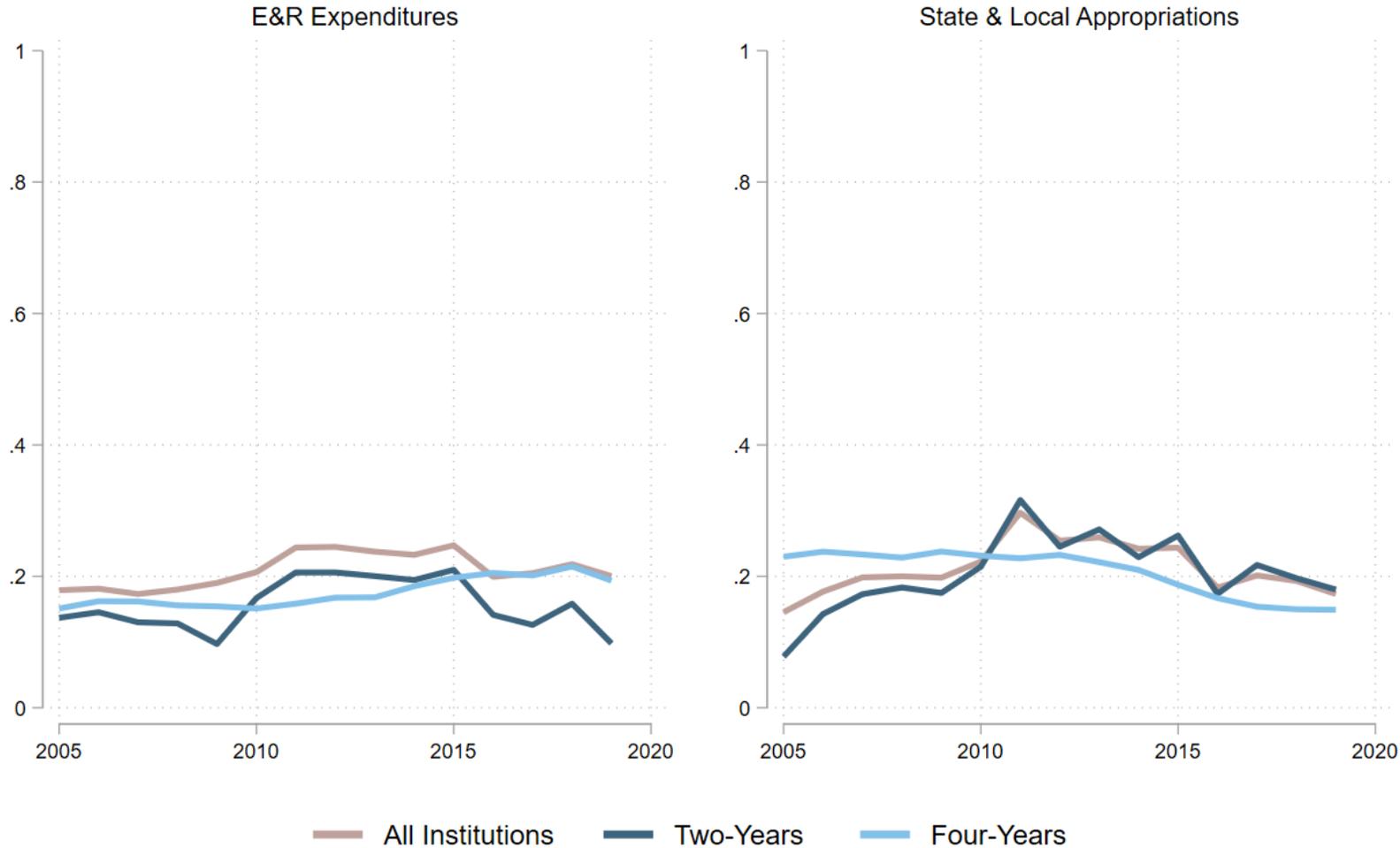
Gini Coefficients of Financial Variables, Louisiana



- 0 = perfect equality
- 1 = perfect inequality
- Inequality is fairly stable for four-years, decreasing for two-years
- Measures per 12mo headcount

Gini Coefficients, Oregon

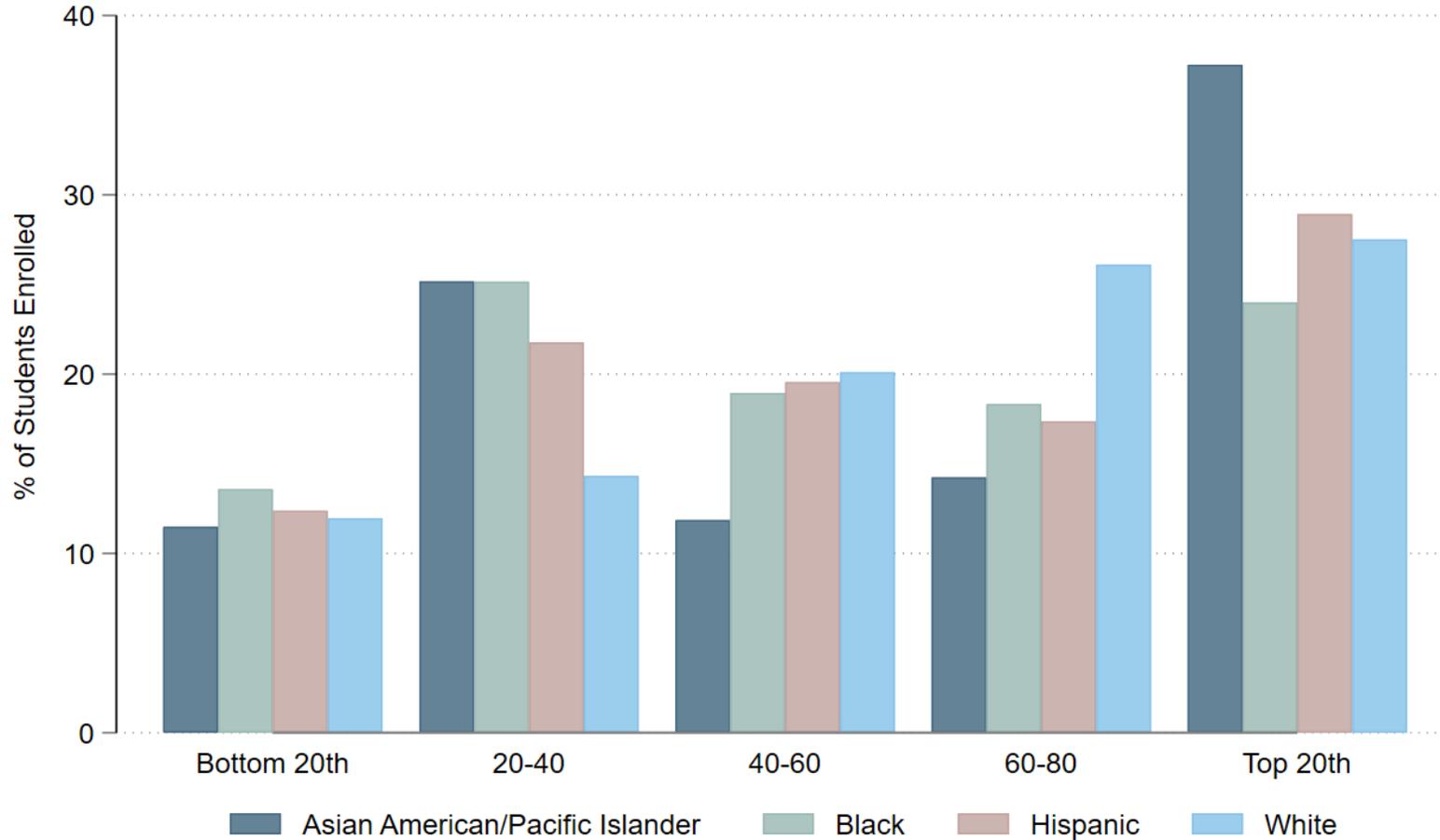
Gini Coefficients of Financial Variables, Oregon



- 0 = perfect equality
- 1 = perfect inequality
- Similar levels of equality for two-years and four-years
- Inequality in expenditures at four-years has slightly increased; but inequality in appropriations have slightly decreased

State & Local Appropriations, Louisiana (2018)

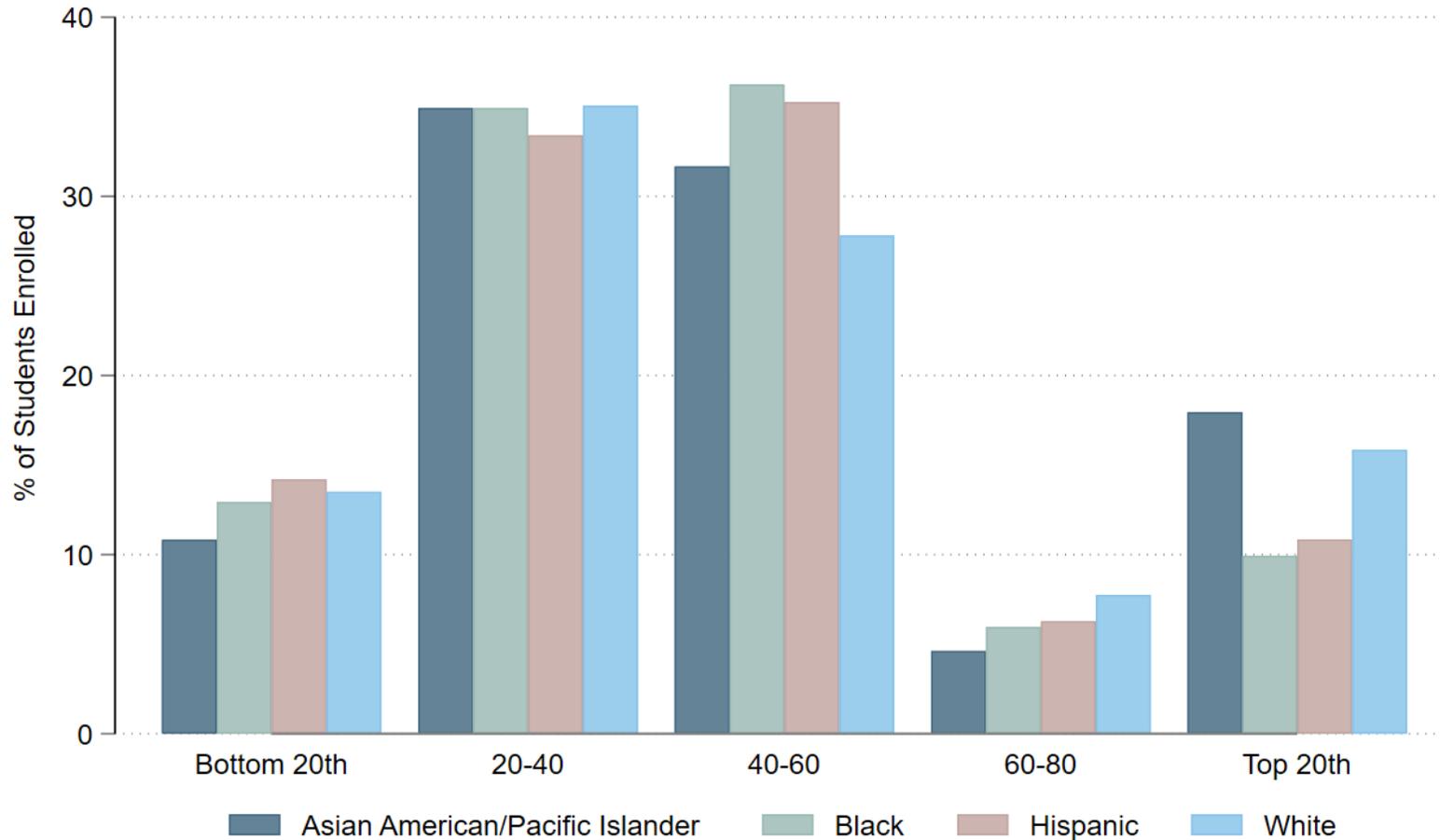
Race/Ethnicity by State & Local Appropriation Quintiles, LA



- ~37% of Black students attend an institution in the bottom 2 quintiles, compared to ~26% of white students
- ~42% Black students attend top 2 quintiles, compared to ~52% White students

State & Local Appropriations, Oregon (2018)

Race/Ethnicity by State & Local Appropriation Quintiles, OR



- ~47% of Black students attend an institution in the bottom 2 quintiles, compared to ~47% of white students
- ~16% Black students attend top 2 quintiles, compared to ~22% White students

Policy Perspective

- An equal funding distribution infers an entirely enrollment-based allocation; no equity mechanism
- Reframes equity; from formula mechanism to resource adequacy; are institutions receiving the resources needed to effectively serve underrepresented students?
- Lag in timing between changes to funding formula and impact on student outcomes can make this useful to assess formula design

Stakeholder Engagement

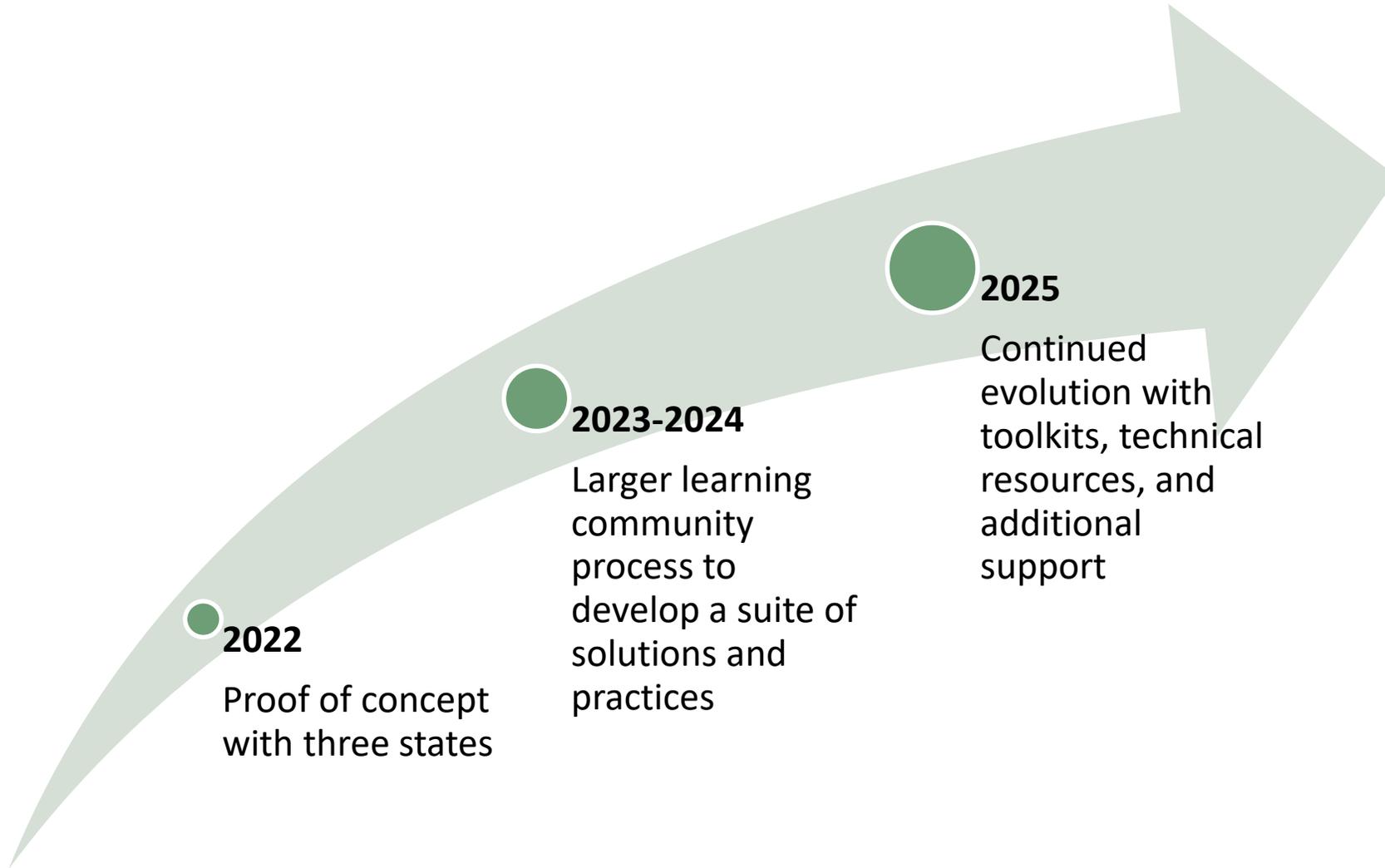
- Engaging stakeholders throughout the process is important to achieving the consensus needed for policy change
- The level of transparency is dependent upon circumstance (example – workgroup process with recommendations and data made public)

What does equitable mean? Impact on funding formula?

Is other, related policy work needed?

If funding is intentionally unequal, how will it help close achievement gaps?

Moving Forward



2022
Proof of concept
with three states

2023-2024
Larger learning
community
process to
develop a suite of
solutions and
practices

2025
Continued
evolution with
toolkits, technical
resources, and
additional
support

Destination

Develop equitable
state funding policies
to reduce student
achievement
inequities

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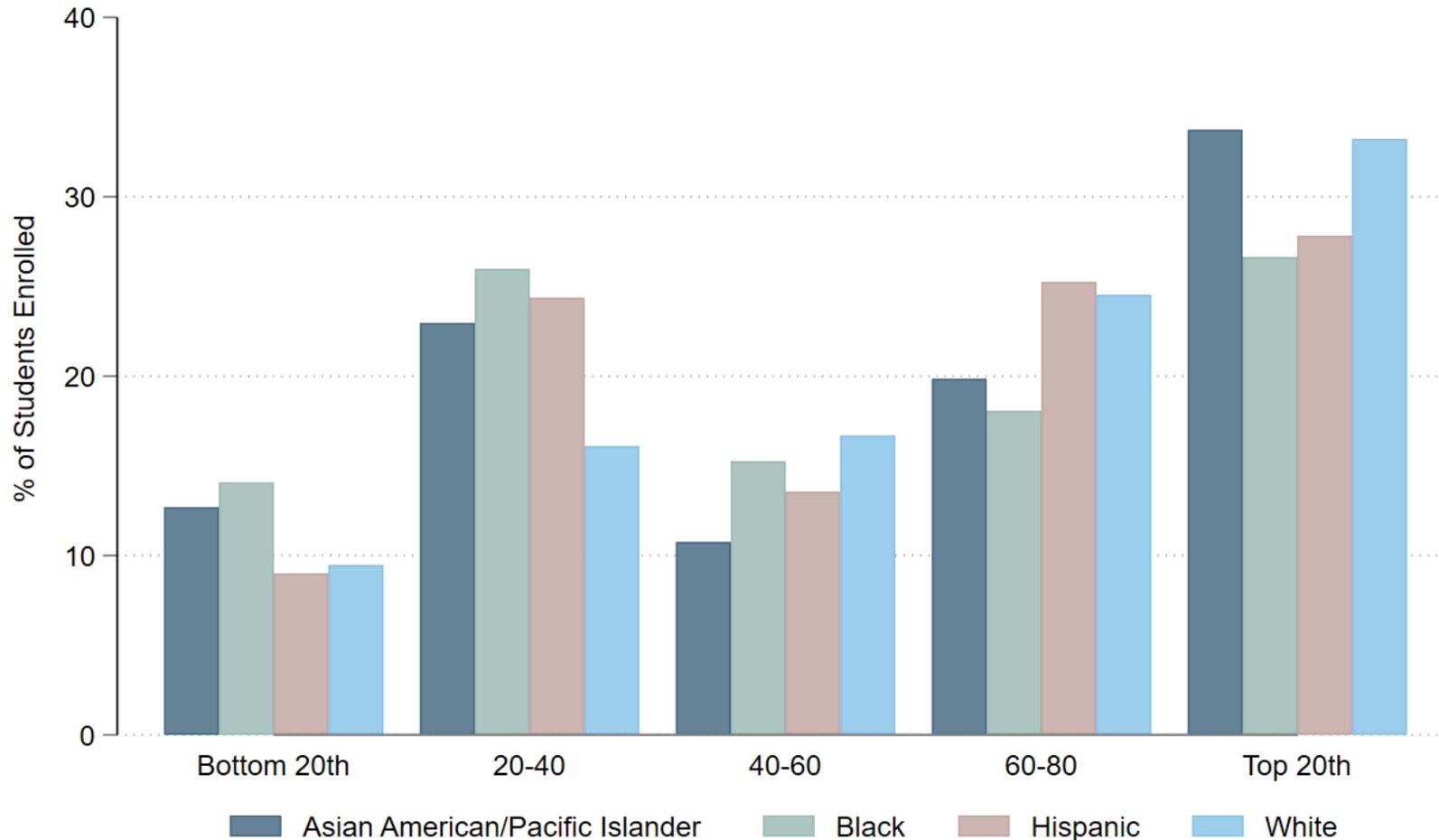




Appendix

E&R Expenditures, Louisiana (2018)

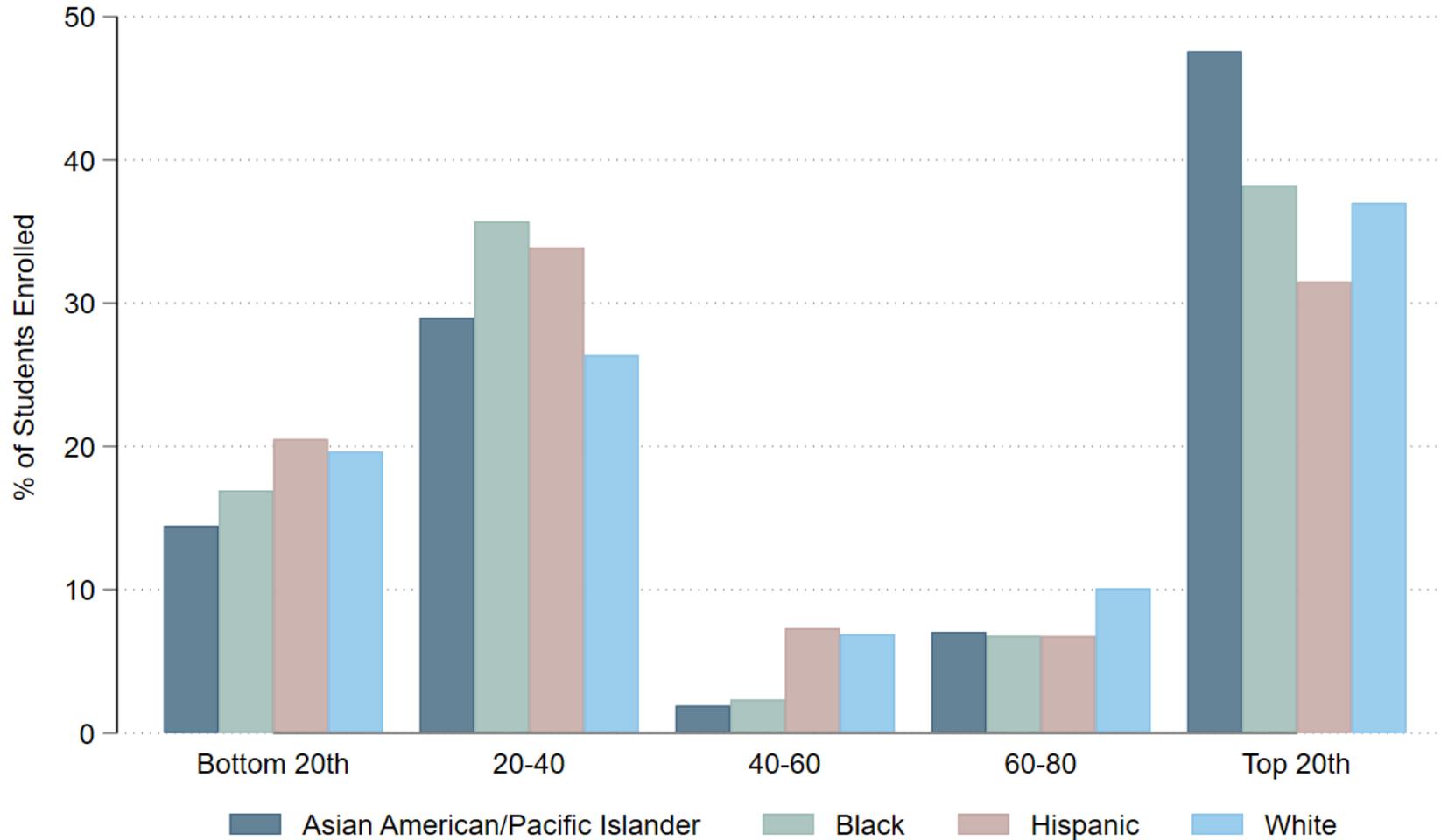
Race/Ethnicity by E&R Expenditure Quintiles, LA



- ~40% of Black students attend an institution in the bottom 2 quintiles, compared to ~25% of white students
- ~40% Black students attend top 2 quintiles, compared to ~57% White students

E&R Expenditures, Oregon (2018)

Race/Ethnicity by E&R Expenditure Quintiles, OR



- ~57% of Black students attend an institution in the bottom 2 quintiles, compared to ~46% of white students
- ~45% Black students attend top 2 quintiles, compared to ~47% White students