



The Education Trust

Can Equity Be Bought? Race & Outcomes Based Funding

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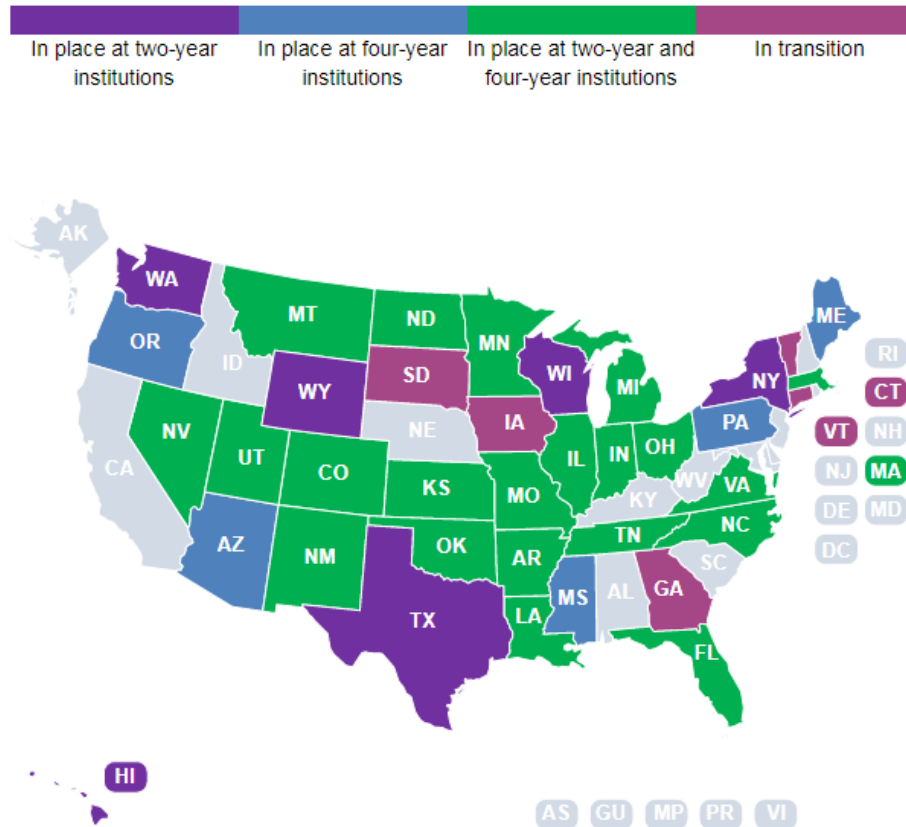
The Education Trust promotes high academic achievement for all students at all levels — pre-kindergarten through college.

Our goal is to close the gaps in opportunity and achievement that consign far too many young people — especially those from low-income families or who are Black, Latino, or American Indian — to lives on the margins of the American mainstream.

What is Outcomes Based Funding?

- How are colleges funded?
- How much funding is at stake?
- How is the funding distributed?

Which States Have Outcomes Based Funding?



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Does Outcomes Based Funding Work?

TABLE 1. SUMMARY OF QUANTITATIVE RESEARCH ON EFFECTS OF PERFORMANCE-BASED FUNDING

	Authors*	Outcome	Years studied	Effects on outcome
1	Shin & Mitlon (2004)	Graduation rates	1997-01	Null
2	Volkwein & Tandberg (2008)	Accountability score	2000-06	Null
3	Shin (2010)	Graduation rates & research funds	1997-07	Null
4	Sanford & Hunter (2011)	Graduation & retention rates	1995-09	Null
5	Rabovsky (2012)	Revenues & expenditures	1998-09	Mix, mostly null
6	Radford & Rabovsky (2014)	Graduation rates & degrees	1993-10	Null, sometimes negative
7	Hillman, Tandberg, & Gross (2014)	Bachelor's degrees	1990-10	Null
8	Tandberg & Hillman (2014)	Bachelor's degrees	1990-10	Null, some + over time
9	Tandberg, Hillman & Barakat (2015)	Associate's degrees	1990-10	Mix, mostly negative
10	Hillman, Tandberg, & Fryar (2015)	Associate's degrees & certificates	2002-12	More short-term certificates
11	Umbricht, Fernandez & Ortagus (2015)	Degrees, diversity, & admissions	2003-12	Null, more selective, less diverse
12	Kelchen & Stedrak (2016)	Revenues, expenditures, & financial aid	2003-12	More merit aid, less Pell aid

Source: Compiled by author from the studies listed in note ¹⁷

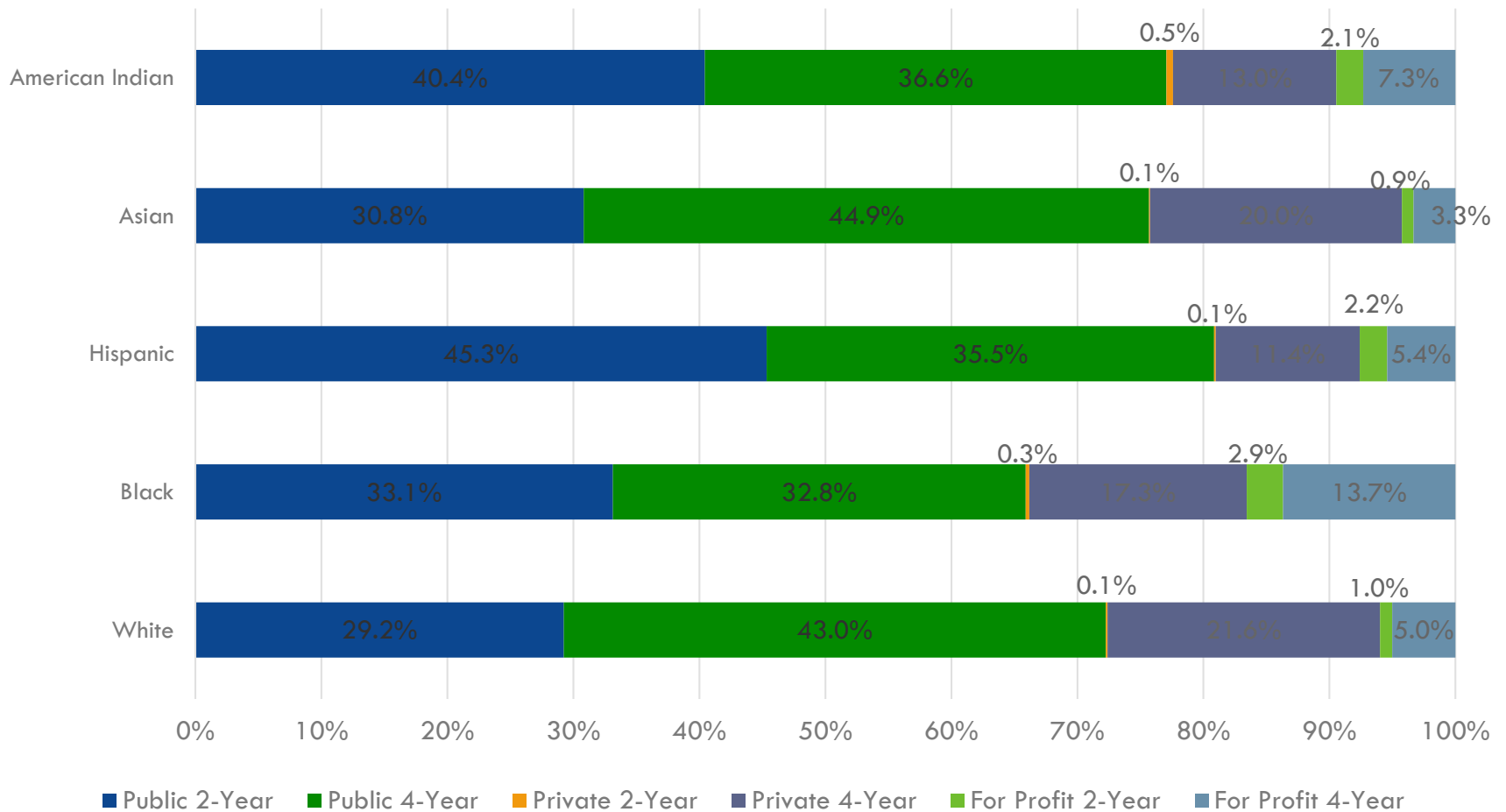
How does Outcomes Based Funding Impact Equity?

- Campuses enrolling largest proportions of low income students and students of color get the least funding (McKinney & Hagedorn, 2017; Jones et al., 2017)
- Premiums for underserved: positive for low income and Latino, negative for Black students (Gandara & Rutherford, 2017)
- Increase in certificates in TN (Hillman, Fryar, Crespin-Trujillo, 2017)
- Increase in Pell enrollment at two-year and four-year, but not for students of color in TN (Research for Action, 2017)

Why Isn't Outcomes Based Funding Working?

1) Outcomes Based Funding is being implemented in an extremely Stratified Higher Ed System

Enrollment Distribution of students at 4-year and 2-year institutions by race (2014)



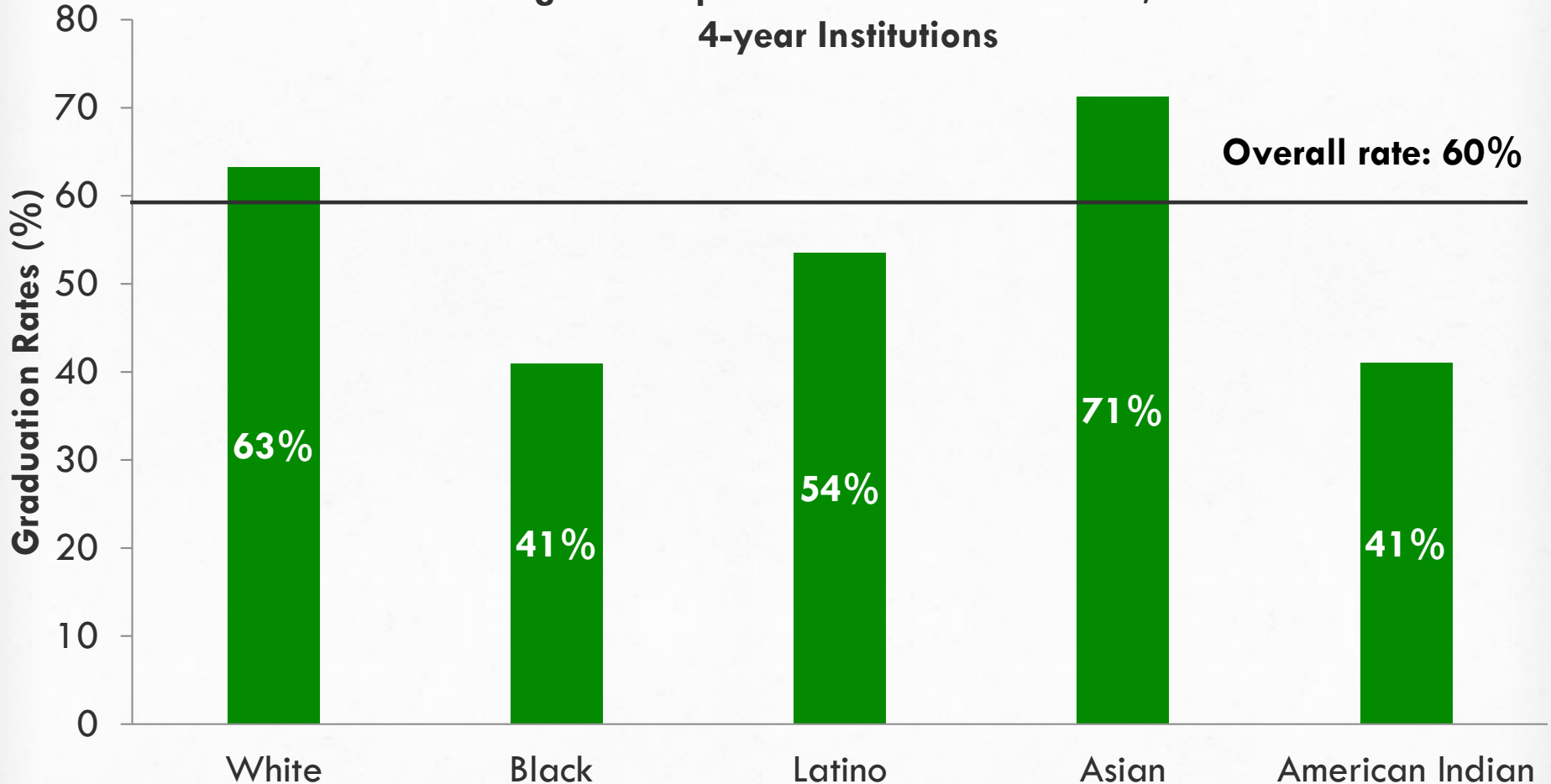
Source: Ed Trust analysis of IPEDS Fall enrollment, Fall 2014 (by race)

2) Focusing on income will not address racial inequities in higher education

FURTHER TO GO

UNEQUAL DEGREE COMPLETION BY RACE/ETHNICITY

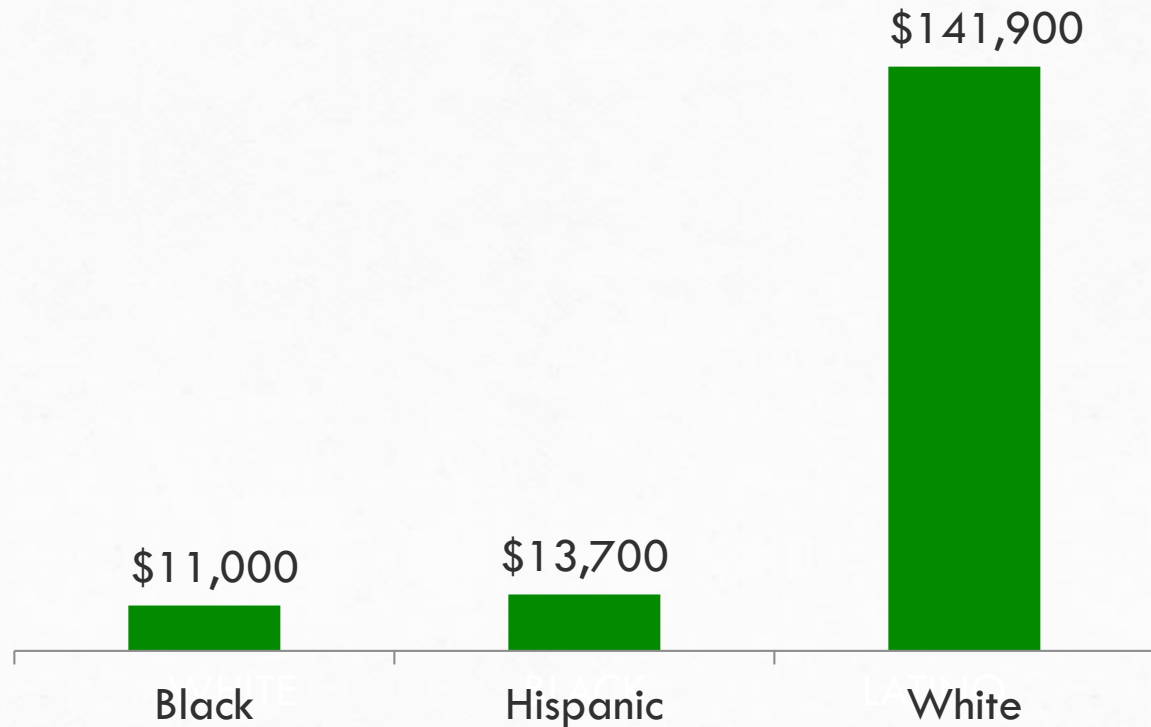
Six-Year Bachelor's Degree Completion Rates for First-Time, Full-Time Freshmen at 4-year Institutions



AN UNEQUAL AMERICA

BLACK & HISPANIC FAMILIES EXPERIENCE INEQUALITIES IN WAGES & WEALTH

Median Net Worth of Households (in 2013 dollars)



3) Less support for campuses most likely designed to enroll low income students & students of color

Outcomes Based Funding Impact at MSIs

- Igniting a data and outcomes focused dialogue
- Aligning practice and policy
- MSIs Funding
- Apples to Oranges Comparisons
- Resistance

How Do We Fix It?

So you have an equity metric...

20 states include race, ethnicity, or minority metrics, but it is optional in 7 states, only 8 states have made it a core requirement, and only 6 of those are currently operating

Table 7.1 Explicit State POBF Indicators and Weights Addressing Racial Diversity and Equity

<i>State</i>	<i>Language used</i>	<i>Metric or weight</i>	<i>Core, compulsory, or optional</i>	<i>Source</i>
Arkansas	Minority graduates Minority credentials	Metric	Optional	Arkansas Department of Higher Education (2015)
Connecticut (transitioning)	Underrepresented populations	Metric	Core	Connecticut General Assembly (2015)
Colorado	Minorities	Metric and Weights	Core	Colorado General Assembly (2014)
Florida ^a	B.S./B.A. awarded to minorities	Metrics	Optional	The Florida Senate (2013)
Hawaii ^b	Native-Hawaiian students only	Metric	Core	Hawaii State Legislature (2008)
Illinois	Hispanic and African-American	Weights	Optional	Illinois Board of Higher Education, Higher Education Performance Funding Steering Committee (2014)
Iowa	Minorities	Metric	Core	Board of Regents, State of Iowa (2014)
Kansas ^a	Minority Hispanic/Latino	Metric	Optional	Kansas Legislature (2014)
<i>Maryland (proposed)</i>	Diverse populations	Metric	Core	Department of Legislative Services Office of Policy Analysis Annapolis, Maryland (2013)
Massachusetts	African-American and Latino	Weights	Optional	The 189th General Court of the Commonwealth of Massachusetts (2016)

(continued)

Table 7.1 (continued)

<i>State</i>	<i>Language used</i>	<i>Metric or weight</i>	<i>Core, compulsory, or optional</i>	<i>Source</i>
Minnesota	Racial diversity Underrepresented students of color	Metric	Core	Minnesota Chapter 5-H.F.No. 4 Article 1: Higher Education Appropriations (2011); Minnesota Office of Higher Education (2007).
Montana ^b	American Indian only	Weights	Core	Montana University System (2015)
New York ^a	Underrepresented within a particular field of study	Metric	unclear	New York State General Assembly (2015)
Ohio	Native American, African-American, or Hispanic	Weights	Core	Ohio Board of Regents (2013); Ohio Higher Education Funding Commission (2012)
Oregon (transitioning)	Underrepresented Minority	Unclear	Core	Oregon Higher Education Commission (2014)
Pennsylvania	Faculty diversity	Metric	Core and optional	Pennsylvania State System of Higher Education (2012)
South Dakota ^b	American Indian only	Metric	Core	South Dakota Legislature Legislative Research Council (2015)
Utah	Persistence and graduation rates by ethnicity, availability of financial aid, faculty diversity, college participation rates, progress in affirmative action, and student demographics	Metric	Core	Utah System of Higher Education (2015)
Virginia ^a	Underrepresentation of minority students	Metric	Optional	The State Council of Higher Education for Virginia (2015)

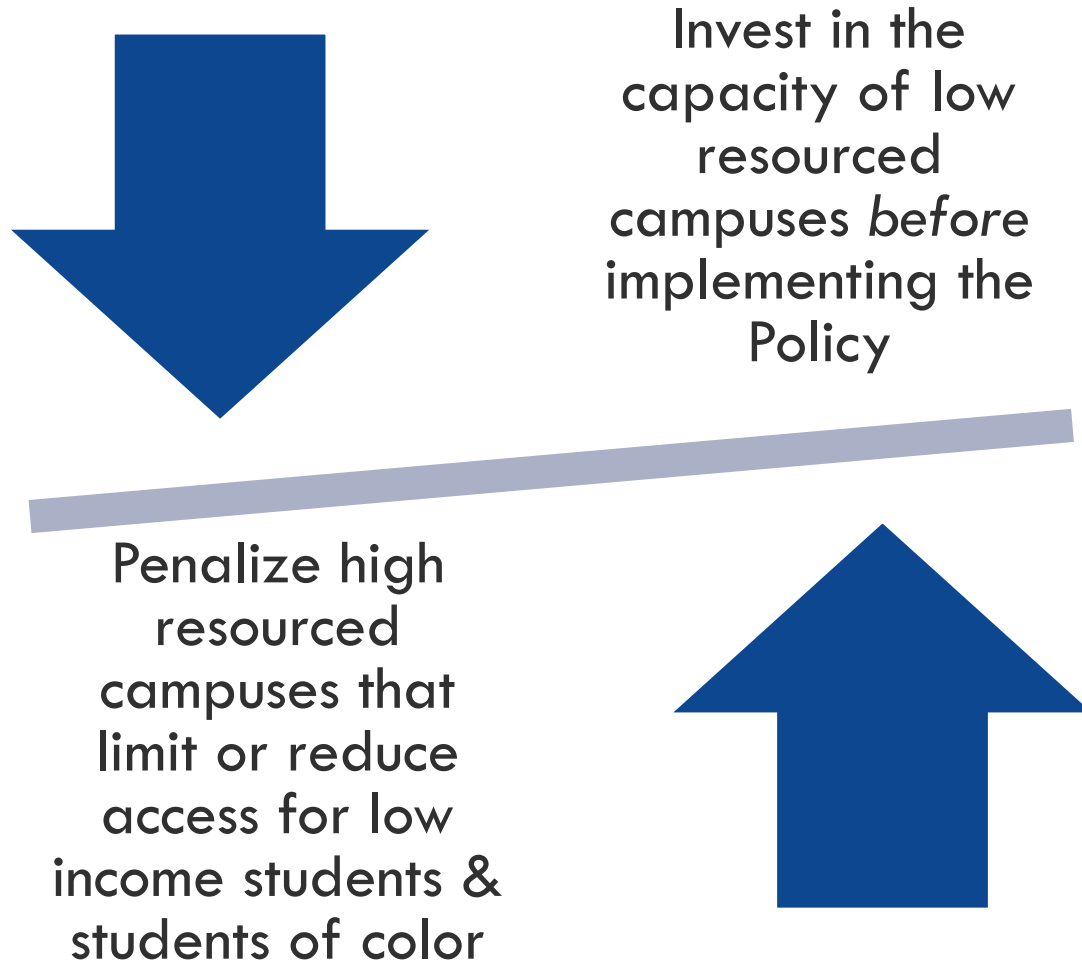
^aOptional and only included in a select few institutional agreements

^bState was also included in the racial proxy count because there was only reference to one particular race/ethnicity for the explicit metric or weight.

So you have an equity metric...

1. Is it mandatory?
2. Is it inclusive of race?
3. Does it give colleges credit for enrolling low income & students of color?
4. What impact is it having? For whom?

Address Funding Inequities



Issues like learning
& campus climate
can be hard to
measure...try
anyway



Next Steps

1. Upcoming publications
2. Working group on equity focused accountability
3. State level advocacy



The Education Trust

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