



LEVERAGING OUTCOMES-BASED FUNDING TO SUPPORT EQUITY	
<i>Series</i>	OBF IMPLEMENTATION: STATE STRATEGIES FOR SUPPORTING INSTITUTIONS TO CLOSE EQUITY GAPS
3	
<i>Module</i>	STRATEGIES FOR SUPPORTING INSTITUTIONS DURING OBF IMPLEMENTATION
3.2	
<i>Module</i> GOALS	<i>About This</i> TOOLKIT
<p>THIS MODULE addresses equity in OBF at the state level as outlined in our OBF Equity Overview. It will help state policymakers and institutional leaders consider:</p> <ul style="list-style-type: none"> • A variety of strategies that states can use to address inequities in institutional resources needed to improve student outcomes under OBF. 	<p>THE OBF EQUITY TOOLKIT provides practical lessons on how states, systems, and institutions work to address equity in the development and implementation of OBF policy. Broken into four Series focused on equity challenges in distinct phases of the OBF policy process, the Toolkit contains short, individual modules that consider specific topics and provide lessons learned and recommendations for policymakers and institutional leaders to consider. Content is derived from in-depth study of six states (Tennessee, Indiana, Ohio, New Mexico, Oregon, and Kentucky) and 13 institutions in them. See the Research Methods section of the Overview for more information.</p>

NOVEMBER 2018

This research was conducted with the Center for Law and Social Policy (CLASP) and supported by a grant from the Bill and Melinda Gates Foundation. Opinions reflect those of the authors, not necessarily those of the Foundation.

EQUITY CHALLENGE

Ensuring that under-resourced institutions receive the support needed to build capacity for improving student outcomes and closing equity gaps

OBF is designed to incentivize institutions to improve student outcomes, and multiple states now focus these policies on closing the equity gap between historically underserved students and their more advantaged peers. Yet in most states, institutions serving the highest percentages of historically underserved students also have the fewest resources, and student outcomes lag.ⁱ As discussed in several modules in Series 3, factors such as small size, lack of capacity, historic underfunding, and enrolling large

numbers of students who need more costly services can all affect an institution's capacity to analyze data, revise strategies and improve outcomes targeted in OBF policies. As a result, these under-resourced institutions are not well-positioned to respond effectively to OBF's emphasis on improving student outcomes.

Our six-state study yielded several examples of approaches that states have taken to support institutions in the OBF implementation process. These efforts are designed to ensure institutions are equipped to respond to an OBF model by having the resources and capacity to effectively serve students. While some supports are offered to all institutions, other supports target MSIs or institutions with lower completion rates or historic underfunding. Overall, state supports typically take the form of either financial or technical assistance.

LESSONS FROM THE FIELD

Our research clearly indicates that for institutions to successfully increase student outcomes, strategic alignment across the president's office and the institutional research, academic affairs, student affairs, development, and enrollment management departments must exist. Some state institutions benefit from deep in-house expertise in all areas; others do not have the capacities necessary to respond effectively and perform well under OBF. Therefore, when state and system agencies or associations offer direct supports, either universally or targeted to under-resourced institutions, they are acting to level the playing field and potentially increase equity by building institutions' capacity to improve student outcomes.

During OBF implementation, some states have made efforts to level the playing field by offering financial and technical assistance to institutions. Examples of each are provided below.

Financial assistance

Grants or supplemental funding targeted to under-resourced or low-performing institutions. The Tennessee Higher Education Commission (THEC) has provided "Institutional Outcome Improvement Fund

Policy refinement: Better targeting financial resources to struggling institutions. During the initial FY16 grant cycle in Tennessee, all institutions were eligible to apply for grant funds to support OBF implementation. However, two of the top-ranked applications were submitted by relatively well-resourced, high-performing universities. As a result, Tennessee restricted the second grant cycle to institutions whose student outcomes were below the state average.

Grantsⁱⁱ to spur the development of strategies or programs to increase student outcomes in the funding formula. Recognizing that all institutions are not equally well-positioned to respond effectively to OBF policy, Tennessee set aside \$800,000 to be awarded through a competitive grant process to institutions in need of assistance. Over two grant cycles in FY2016 and FY2017, THEC awarded funds to a total of nine community colleges and universities. Institutions used these funds to mount a range of programs and strategies, including a summer bridge program for at-risk students, the creation of a student success center, a new advising program, and other interventions.

Awarding hold-harmless dollars to under-resourced or low-performing institutions. In some instances, states have awarded one-time supplemental appropriations to fuel institutional efforts to improve student outcomes and to help "keep the lights on" so progress might continue. For example, Kentucky policy-makers awarded additional grants to institutions that were historically underfunded by their prior approach to allocating appropriations, and absolved their HBCU, Kentucky State University, from participating in the OBF formula during early implementation.

Raising external funding for state institutions. The Ohio Department of Higher Education and the Ohio Association of Community Colleges (OACC) both worked to identify external sources of additional funding for state institutions implementing OBF. In 2018, the Ohio Department of Education received a \$2.1 million grantⁱⁱⁱ from Strong Start to Finish,^{iv} one of four states to receive the award. Strong Start to Finish grants reward states for focusing on pathways to college completion, particularly for historically underserved populations. The grant aligns with Ohio’s OBF completion goals and seeks to address attainment gaps for historically underserved and underrepresented students. As of February 2018, 12 (of 13) universities and 18 (of 23) community colleges have signed on to participate in the grant.

In addition, OACC has leveraged the state’s focus on increasing student success to garner additional funds from foundations such as the Bill and Melinda Gates Foundation, Great Lakes Higher Education Corporation & Affiliates, ServeOhio, and Honda of America Manufacturing. OACC has used this funding to support multiple initiatives aimed at increasing the capacity of community colleges to meet completion goals. Two of these grant-funded initiatives—Student Success Leadership Institute and Student Success Center—are described in greater detail below.

While fundraising efforts by the Ohio Department of Higher Education and OACC were not focused only on struggling institutions, state support in attracting grant funding is especially helpful to institutions that have had less experience and success in obtaining grants from major funders.

Technical assistance

State and system agencies and associations offer important technical support to institutions. Multiple entities, including the Tennessee Higher Education Commission (THEC), the Ohio Department of Higher Education (ODHE), the Tennessee Board of Regents (TBR), the Kentucky Community & Technical College System (KCTCS), and Indiana’s Ivy Tech Community College, offer targeted and continuous support to institutions working to implement OBF. They frequently identify promising practices for student success on specific campuses and disseminate lessons learned to other institutions.

Examples of technical assistance provided by state and system agencies include:

- *Completion teams and academies.* Community colleges and universities under TBR were each asked to develop a completion team, which included representatives from senior administration and faculty. These teams were charged with advancing their institution’s completion goals in alignment with the priorities of the outcomes-based funding model. Completion teams attend annual Completion Academies at which higher education leaders across TBR institutions share and discuss strategies for student success, receive technical assistance, and hear from experts on best practices, such as the use of predictive analytics.
- *Completion plans.* In Ohio, House Bill 59 mandates all public colleges and universities to submit a campus completion plan every two years that describes how they plan to improve their completion rates. Completion plans are made public^v to share practices across institutions.
- *Completion dashboards.* Recognizing limited capacity to track and report outcomes across all Indiana colleges and universities, the Indiana Commission for Higher Education provides an online, interactive dashboard^{vi} that displays completion data by campus, across racial and ethnic groups, by campus type, and overall. Campuses can use the dashboard to quickly understand their trends and progress relative to other institutions in the state.

States that lack a centralized governing body, such as New Mexico, Ohio, and Oregon, often rely on their sector associations for similar support. Associations such as the Oregon Community College Association and OACC provide support to campuses as they implement initiatives related to OBF goals, as well as generate revenue through grants for additional capacity-building beyond the state’s investment. In

addition, associations such as OACC include national college leaders, such as Zane State.^{vii} In bringing campuses together, lower-resourced colleges can learn from higher-resourced colleges or those that have received support from national organizations, such as Achieving the Dream.

Examples of association-led technical assistance are from Ohio's Association of Community Colleges (OACC) and include:

- *Student Success Leadership Institute.* OACC holds two annual meetings where campus teams from all of Ohio's community colleges convene to help each college develop and implement guided pathways, adopt policies and practices that address student need, construct strong completion plans, and increase student outcomes identified by Ohio's funding formula.
- *Student Success Center Initiatives.* Aligned to the work of the Leadership Institute, OACC distributes a host of grants that fund the implementation of several important initiatives – guided pathways reform, scaling student success, data analytics to improve retention and completion rates, summer enrollment, and placement of college completion coaches.

Both examples demonstrate how OACC offers additional capacity – through convenings to share best practices in the field as well as through financial assistance in the form of grants – that help colleges increase student completion and, therefore, compete under an OBF formula. As the community college association, OACC's efforts helped level the playing field by offering financial and technical assistance uniformly across the sector.

THE TAKEAWAY

As an important first step to help institutions overcome barriers to improving student outcomes aligned to OBF, state and system agencies or associations should conduct a needs assessment that examines specific capacities relevant to OBF implementation. Module 3.1: Identifying the Capacity Needs of Disadvantaged Institutions to Increase Outcomes Under OBF provides a list of relevant institutional capacities and characteristics to consider. Additionally, institutional leaders in our six study states suggest the following ways that states can promote equity during formula implementation so that institutions with a relative disadvantage are better positioned to respond:

Identify institutions that need additional support. Our study of 13 institutions across six states suggests that institution size, student demographics, mission, leadership, geographic location, historic performance, and funding levels can influence the implementation of OBF.

Consult with institutions about the content and form of assistance. Inviting institutions to consult on decisions about the type and form of assistance necessary builds trust and honors the expertise of institutional leaders. Obtaining this type of feedback will also increase the likelihood that assistance provided will have its intended effect. Through Tennessee and Ohio's Completion Teams, Completion Academies, and Leadership Institutes, institutions were invited to share challenges facing their institutions and students. TBR and OACC responded by offering targeted, strategic technical assistance on specific reforms and topics.

Identify potential revenue sources. Institutions repeatedly point to a lack of resources as a critical barrier to responding effectively to OBF. Many institutions respond with an up-front investment in student supports aligned with increasing completions (e.g., summer bridge programs, expanded course offerings, mentoring programs for first-generation students, more advisors, and data systems that support student tracking). Others do not have the financial or human capital resources to enact such changes. State and association assistance in obtaining increased resources can have a significant impact on institutional response to OBF.

Target additional funding streams to institutions with greatest need. When states or associations can offer additional funds, open, competitive processes often exclude those institutions most in need. One college leader said:

It always ends up being a competitive grant process. So, what about a small, rural college that doesn't have a grant writer on staff or an institutional effectiveness team? How are they positioned to go after that grant? Or when a foundation like the Bill and Melinda Gates Foundation comes to Ohio and they want to do a Completion by Design project, who's included? I don't have to finish the sentence, right? I mean that's just how it works.

As seen in Tennessee, competitive grant processes often exacerbate campus inequities, as highly resourced institutions are more likely to respond. For states considering how to support struggling institutions, grant opportunities or other financial assistance offered specifically for struggling institutions may help level the playing field.

ⁱ Jones, Tiffany and Perry Papka. "Can Equity Be Bought? Advocating for Equity Focused Performance Funding in Kentucky." The Education Trust. November 15, 2017, Accessed August 7, 2018. <https://edtrust.org/the-equity-line/can-equity-bought-advocating-equity-focused-performance-funding-kentucky/>.

ⁱⁱ Tennessee Higher Education Commission & Student Assistance Corporation. "Institutional Outcome Improvement Fund Grant Competition" Accessed August 7, 2018. <https://www.tn.gov/thec/bureaus/finance-and-administration/fiscal-policy/redirect-fiscal-policy/institutional-outcome-improvement-fund-grant-competition.html>.

ⁱⁱⁱ Ohio Department of Higher Education. "Department of Higher Education Receives \$2.1M Strong Start to Finish Grant." February 7, 2018. Accessed August 7, 2018. https://www.ohiohighered.org/press/department_higher_education_receives_21m_strong_start_finish_grant.

^{iv} Strong Start to Finish. "Building Momentum for Postsecondary Success." Accessed August 7, 2018. <http://strongstart.org>.

^v Ohio Department of Higher Education. "Campus Completion Plans." November 2017. Accessed August 7, 2018. <https://www.ohiohighered.org/campus-completion-plans>.

^{vi} Indiana Commission for Higher Education. "College Completion Reports: Completion Dashboard." 2018. Accessed August 7, 2018. <https://www.in.gov/che/4673.htm>.

^{vii} Achieving the Dream. "Our Network: Zane State College." Accessed August 7, 2018. http://www.achievingthedream.org/college_profile/677/zane-state-college.