

Section 5

SSF/OBF Response: Maintaining Student Success Funding Strategies to Increase Racial and Socioeconomic Equity Amidst a Global Pandemic

Section 5 provides examples of how states and institutions approached leveraging SSF and OBF strategies to increase racial equity during the time of COVID-19.

Module 5.1 Student Success Funding Strategies During COVID-19

What is Student Success Funding?

Student Success Funding (SSF), Outcomes-Based Funding (OBF), and Performance-Based Funding (PBF) are all terms to describe the process of distributing appropriations to institutions based on student outcomes (in contrast to enrollment-based formulas). We use the term Student Success Funding in place of Outcomes-Based Funding because it better reflects the variety of approaches states take to funding for student success, including milestone approaches that reward incremental achievements, such as passing college level math.

Equity Challenge: Integrating statewide equity goals into an SSF policy development process during a pandemic

Student Success Funding (SSF) distributes state funding to higher education institutions based on students' achievement of milestones and credential completion. While SSF is a departure from enrollment-based funding models, it can still become destabilized by significant shifts in student enrollment. COVID-19 has disrupted student enrollment in unprecedented ways, with enrollment declines varying tremendously across semesters, states, and institutional types. Enrollment fluctuations combined with the uncertainty of state budgets left some states rushing to shift SSF policy to ensure that institutions were not harmed by enrollment changes beyond their control. The four states featured in this module all took different approaches to shifting SSF policy during the

pandemic while encouraging institutions continued to focus on racial and socioeconomic equity. Please see Toolkit **Module 5.2** for a 30-state scan of changes to SSF during the pandemic.

Lessons from the Field: How states are shifting SSF policy to minimize harm to institutions during COVID-19

This module spotlights how Louisiana, Oregon, Texas, and Washington approached SSF with caution in FY21 and maintained a focus on student success and institutional stability. See Appendix B for more information on state selection and methodology.



Louisiana adopted measures for increased focus on outcomes and racial equity for FY21 to strengthen alignment with the Louisiana Master Plan for Higher Education.ⁱ While Louisiana paused their funding formula for FY21 because of a budget deficit that led to across-the-board institutional budget cuts, they ran the formula using the new measures and weights so that institutions would understand the funding they would have received had the formula been in use. Louisiana has restarted the use of their model in FY22 with the following changes:

- Increasing the percentage of the formula that is devoted to outcomes from 20% to 25%.
- Adding a cost adjustment to recognize increased costs of instruction and student supports at institutions with large, underrepresented minority student populations. The calculation starts with the average cost calculation by race based on full-time equivalent (FTE) students. The difference from the average cost calculation is multiplied by the FTEs of underrepresented minority students at each institution with a population above the statewide underrepresented minority institutional average for both 2-year and 4-year institutions.
- Increasing the percent of the formula devoted to Equity Completers from 2% to 23% since 2019. Louisiana recognizes Equity Completers as underrepresented minority students (Black (non-Hispanic), Hispanic of any race, Native Hawaiian/Pacific Islander, Native American, and students reported as two or more races), adult students over age 25, and students receiving a Pell grant.ⁱⁱⁱ

To help institutions continuously learn about and navigate the funding formula, the Louisiana Board of Regents provides the following supports:

- An annual formula summit to provide information and technical assistance to institutions.^{iv}
- Regular communications with institutional leaders including those in finance, admissions, registrars, and academic affairs.
- Situating the formula within the Master Plan for Higher Education^v, so that stakeholders across the state understand the goals of the formula.

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Oregon continued using its formula through the pandemic and completed a regularly scheduled 5-year formula review process in 2020. The Student Success and Completion Model (SSCM) is informed by the [Oregon Equity Lens](#), a document created to guide a race-conscious approach to allocating P-20 educational resources in the state. The Equity Lens lays out the vision, beliefs, and objectives of equitable education funding for the state. As a reflection of this guide, the SSCM includes high weighting for degree completions

of underrepresented students, including underrepresented minority students, students utilizing Pell grants, rural students, and veterans.^{vi} Oregon devotes \$33 million dollars for equity weighting through the formula, which is 16% of the outcomes funding portion of the SSCM, leading to an average incentive of \$5,934 for degree completion of an underrepresented student.

The 2020 formula review process^{vii} led to technical and policy changes that will take effect in the 2021-23 biennium, including:

- Increasing the bonus for underrepresented student completion in the outcomes funding component from 40% to 50% for one criterion (minoritized students, low-income students, rural students, and students who are veterans) and to 55% to 60% for completions of students who meet two or more criteria.
- Updating the academic program and course cost weights using an average from Illinois, Ohio, Florida, and Texas to reflect a more objective and modern cost experience across all disciplines and levels of instruction.
- Applying the transfer discount to all transfer students and then applying a bonus to community college transfers to underscore the importance of cross-sector collaboration and potentially improving the completion rates for those students who begin at a community college.



Texas adjusted the proportion of funding allocated through different components of its community college instructional appropriation funding formula. In direct response to COVID-19, the state increased the proportion of funding allocated through Student Success Points SSF ^{viii} model (about 12%) and decreased the proportion of funding distributed through contact hours (about 82%), a metric more responsive to the enrollment declines brought on by the pandemic.

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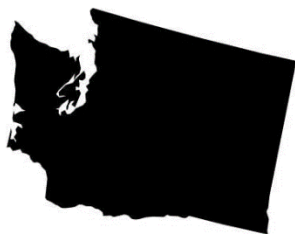
In addition, Texas implemented a hold harmless prior to the coronavirus pandemic that may have helped institutions navigate changes in enrollment. In 2019, the state legislature passed a 95% hold harmless on its instructional formula for the FY20-21 biennial budget. Given the influx of federal resources, the Texas legislature decided to lift the hold harmless for the next biennium.

Further, prior to the pandemic, the Texas Association of Community Colleges (TACC) and Community and Technical Colleges Formula Advisory Committee (CTCFAC)ⁱ made a series of recommendations for the 2022-23 biennium. While most recommendations were not passed by the state legislature, they continue to be priorities in the wake of the pandemic, mainly:

- Increase formula funding to support upskilling and reskilling the Texas workforce
- Add additional success point weights for academically and economically disadvantaged students for credential completion or university transfer.
- Award an additional weight for students who complete 15 semester credit hours of dual credit.^x
- Implement a data driven process to align critical degree fields with current workforce demanded fields.^{xi}

Further, the Texas Success Center at TACC coordinates the Texas Pathways,^{xii} -- a comprehensive, statewide strategy to build capacity for Texas community colleges to implement structured academic and career pathways at scale. During the pandemic the Center leveraged the Texas Pathways framework to provide the following supports related to the SSF model:

- Ongoing technical support as needed, including visits to campuses by expert coaches and the use of key performance indicators, that align with the SSF, for action planning and evaluation.
- Biannual Texas Pathways Institutes for campus leaders focused on institutional change and pathway design and implementation that will impact SSF student outcomes.
- Annual Board of Trustees Institute so that college trustees can understand the model, student data, and completion efforts.



Washington's [Student Achievement Initiative](#) (SAI) is the SSF model for Washington state's system of community and technical colleges. SAI is aligned to and supports guided pathways implementation with a strong focus on closing equity gaps. Institutions receive additional points when their students-of-color, basic education students, and students from low-income households complete the following milestones: the first 15 college-level credits; completion of apprenticeship awards; and associate degrees.

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Washington has increased statewide focus on racial equity in the last few years and throughout the pandemic. These efforts are supported by the Washington State Board (SBCTC) and the Student Success Center^{xiii} and are mutually reinforcing of the SAI model. While these structures and supports were in place before the pandemic, they guided a race-conscious response to pandemic planning and include:

- Aligning policy and finance decisions to the SBCTC racial equity vision: Leading with racial equity, our colleges maximize student potential and transform lives within a culture of belonging that advances racial, social, and economic justice in service to our diverse communities.^{xiv}
- Convening a Guided Pathways Advisory Council that is focused on racial equity.^{xv} The Council developed guiding principles that include “a culturally responsive commitment to racial and social equity by dismantling systemic policies and practices that perpetuate inequity,” and “a focus on learning and outcomes aligned with community values.”
- Creating guided pathways student fellowships where students from community and technical colleges work on a project around policies and practices that disproportionately impact historically underserved students of color, so that student success solutions are co-designed with students.
- Devoting \$40.1 million dollars from the Workforce Education Investment Appropriations^{xvi} for implementing Guided Pathways at the community and technical colleges. This funding is derived from a business tax, ensuring that the organizations that benefit from skilled labor also pay a share into higher education.

The Takeaway from Student Success Funding Strategies

Higher education leaders in Louisiana, Texas, Oregon, and Washington all had a strong commitment to racial or socioeconomic equity before the pandemic began and were able to maintain focus on Black, Latinx, and Native American students and students from low-income families through the pandemic because of this strong foundation. In these states, SSF was one part of supporting institutional focus on disenfranchised students bolstered by a host of other reforms and supports. For states looking to utilize SSF as one part of an equity agenda we offer the following recommendations informed by these four states:

- **Utilize hold-harmless or stop-loss provisions so institutions are not harmed by enrollment fluctuations beyond their control.** Crisis situations like the pandemic, hurricanes, and forest fires can financially strain institutions and cause enrollment declines that further diminish budgets. Only hold institutions accountable for student outcomes that they have control over.

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- **Ensure SSF is race-conscious and equity metrics are supported by a high percentage of formula funding.** Including underrepresented minority student success as a formula metric incentivizes institutions to focus on closing attainment gaps. Further, tying a high percentage of funding to equity metrics signals that the state values and invests in racial equity. Louisiana and Oregon increased the amount of funding tied to successfully serving underrepresented students.
- **Reinforce racial equity metrics with a racial equity vision and guiding principles.** Documents like the [Oregon Equity Lens](#) and Washington’s [SBCTC System Vision Statement](#) explicitly recognize the impact of systemic racism on student degree attainment rates and provide vision to keep decision makers focused on changing systems, not students. For example, the SBCTC System Vision Statement motivates systemic change by explaining:

Any system produces what it is designed to produce. Our community and technical colleges are producing white graduates at a higher rate than graduates of color. The answer lies not in “fixing” students but changing our institutions to better serve students of color. While history may have created inequalities in systems long before we were born, we are all part of the system now and it’s our job to change it.

These documents, though created before the pandemic, provided guidance for decision makers through the pandemic.

- **Nest SSF within a strategic statewide plan to support institutions in improving student outcomes.** Texas and Washington have aligned their SSF models to guided pathways and other completion efforts coordinated across the respective state community college systems. Louisiana’s [Master Plan for Higher Education](#) and Oregon’s [Strategic Framework](#) both communicate SSF as one part of a comprehensive strategy to improve student outcomes. Embedding SSF within a larger statewide agenda or interlocking state funding and campus-level interventions can shift state culture around completion.^{xvii1}

Appendix A. Overview of SSF models in the study states

Appendix A. provides a brief overview of each state’s SSF model.

Table 1. Sectors implementing, metrics, weights, and percent of total allocation of funding devoted to outcomes in 4 states.

Study States	LA*	OR	TX	WA
Sectors Implementing Student Success Funding	Both	4 Yr.	2 Yr.	2 Yr.
Student Success Metrics				
Developmental Education Course Completion			•	
Persistence/Credit Attainment (e.g., 15, 30 credit hours)	•	•	•	•
Completion of Gateway/Introductory College Courses			•	•
Cross-Enrollment of Students in 2- and 4-Year Institutions	•			
Transfer	•		•	•
Credential and Degree Completion	•	•	•	•
Time-to-Award/On-Time Degree Completion	•			
Workforce Outcomes (e.g., credentials in critical fields)	•	•	•	
Research	•			
Equity Weights				
Low-Income (e.g., Pell eligibility)	•	•		•
Students of Color	•	•		•
Percentage of Total Allocation based on Student Success	25%	50%	12.9%	5%

*In Louisiana, the formula includes both 2- and 4-Year Institutions. In Louisiana, the formula was not utilized in FY 2021 due to a decrease in state funds; the data here represents FY2021.^{xviii}

Louisiana: Under Act 462 of the 2014 Regular Legislative Session, the Board of Regents and leaders from each public postsecondary education system met to develop a student success funding formula. The outcomes metrics currently include student retention and progression based on credit attainment, cross-enrollment of students in 2- and 4- year institutions, and credential and degree completion - which are determined using time-to-degree (baccalaureate and associate degrees), graduate level degree (four-year) or certificate/diploma (two-year) completion - transfers from two-year to four-year, Pell Grant, underrepresented minority, and adult completers, and workforce. These metrics have weights that are used to calculate the total outcomes points for each institution. For equity completers, a weight is applied to each equity component associated with the student and additional weights are earned for underrepresented and Pell completers from institutions with larger equity student populations. Each institution receives a pro-rata share of its production of the outcomes factors.^{xix} The Louisiana Board of Regents updated these components of its student success funding model following a 2019 master plan revision; changes to the model included increased weight for Pell and adult completers, the addition of an equity-gap completers metric, and a decrease to the research metric.^{xx}

Oregon: The Student Success and Completion Model (SSCM) includes metrics on student credit hour completions of Oregon resident students at undergraduate and graduate levels; degree and certificate completions by Oregon resident students; degree and certificate completions by transfer and underrepresented students (underrepresented minority, low-income, rural, and veteran status); and degree and certificate completions in academic disciplines in high-demand and high-reward fields (STEM, Health, Bilingual Education) are provided additional weighting in the allocation formula.^{xxi}

Texas: Referred to as the Student Success Points Model, Texas' SSF model began in 2013 has been adapted over time. Student Success metrics currently include developmental education course completion, college credit attainment (15 and 30 hours), transfer, completion of gateway courses, and completion of credentials, including in fields critical to the workforce. The early and intermediate progress metrics, as well as the milestones, are assigned weights based on the premise that completion of an early success point will be positively associated with a major educational milestone; there are no weights specifically targeting equity (e.g., student age, race/ethnicity, or Pell eligibility) at this time, but recommendations have been made to add weights for academically and economically disadvantaged students earning a credential or transferring to a university; such changes must be approved by the state legislature.^{xxii} Funds are appropriated based on the three-year average of Student Success Points for each community college district.^{xxiii}

Washington: The Student Achievement Initiative (SAI) is the performance funding system for Washington state's community and technical college system. Colleges earn "momentum points" every time a student reaches a certain level of achievement. SAI momentum points work in succession. The steps are as follows:

- **Basic Skills:** Colleges earn points when basic skills students make nationally recognized test gains in math, English language, or reading as measured by pre- and post-testing or competency-based assessments. Students also earn momentum points by earning a high school diploma or equivalency certificate and completion of six college-level credits.
- **15 and 30 College Credits:** Completion of the first 15 and 30 college credits.
- **English/Writing:** Completion of pathway appropriate college-level credits in English or writing.
- **Math:** Completion of five college-level math credits in computation, math, or logic.
- **45 College Credits:** Completion of 45 college credits (quarter) in either an academic transfer or professional-technical pathway, which is one year.
- **Credential Completion:** The final momentum point is the completion of certificates, degrees, and apprenticeships or transfer.

In addition, basic skills students, low-income, and students-of-color receive additional points when achieving certain milestones: the first 15 college-level credits, completion of apprenticeship awards, and associate degrees.^{xxiv}

Appendix B. Sample and Methodology

Data Sources and Analysis. The findings presented in RFA’s Series, Looking Forward: Pandemic Lessons for Postsecondary State Policy, were drawn from document review, interviews, focus groups, and email correspondence with 28 state and institutional leaders. Interviews were semi-structured and interview data was transcribed and coded in *dedoose* through a deductive coding process based on the research questions. Coded excerpts were then analyzed using a thematic process and themes were triangulated with state documents. All briefs were member checked by leaders in the participating states.

State Sample. Our study states include Indiana, Louisiana, Oregon, Texas, and Washington. These states were selected because of their explicit state higher education agency focus on racial equity in higher education (Indiana, Louisiana, Oregon, Washington) or de facto influence on racial equity because of the diverse student populations the community college system serves (Texas). These states also engaged in innovative approaches to supporting institutions and students through the first year of the pandemic. These innovative practices were identified through our 50 state policy scans during [Phase 1 of this research](#).