Equity Considerations in State Funding Models for Higher Education

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What Do We Mean by “Equity”? 
**Equality**

The assumption is that everyone benefits from the same supports. This is equal treatment.

**Equity**

Everyone gets the supports they need (this is the concept of “affirmative action”), thus producing equity.

**Justice**

All 3 can see the game without supports or accommodations because the cause(s) of the inequity was addressed.

Source: Mobilize Green Blog
Conceptualizations and operationalizations of equity are context-specific, dynamic, and constrained by state-level factors.
State Fiscal Policy Framework for Higher Education

Source: Lacy et al. (2017)
Considerations for Incorporating Equity in State Higher Education Funding Models
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Funding Model Design Process

Representation
- Institutions / institution types
  - Mitigating political power influence
  - Identifying need
- Target groups
  - Context-specific
  - Identifying need

Finance Landscape
- All sources of revenue
- Financial aid
  - Need-based
  - Merit-based
- Tuition-free college
  → demand
  → revenues & expenditures

Monitoring for Equity
- 3 measures:
  - Funding distributions
  - Student access
  - Student success
- Minimizing volatility, which may have disparate impacts
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Equity Premia / Cost Adjustments

Student Needs
- Economically disadvantaged
- Academically disadvantaged
- Racially minoritized
- First-generation
- Older adult
- English learners

Community Needs
- Rurality
- Poverty rates
- K12 “quality”
- Property values
- Cost of living

Institutional Needs
- Sparsity
- Historical underfunding (e.g., deferred maintenance)
- Mission

Source: Kolbe et al., 2023
Research on Equity Metrics in PBF

- **PBF may create incentives for limiting access, especially when more institutional revenue depends on PBF** (Gándara & Rutherford, 2020; Rosinger et al., 2023)

- **Mixed evidence on whether equity metrics can mitigate those adverse effects** (i.e., impacts on access) (Gándara & Rutherford, 2018; Rosinger et al., 2023)

- **PBF may widen racial gaps in completion** (Mbekeani et al., forthcoming)

- **Equity metrics don’t seem to mitigate racial gaps in completion** (Mbekeani et al., forthcoming)
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### Other Funding Model Components

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<td><strong>Headcount v. FTE</strong></td>
<td>• Avoid disadvantaging institutions that serve more part-time students (per cost analysis)</td>
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<td><strong>Funding What Works</strong></td>
<td>• Build capacity by funding evidence-based practices (transportation, childcare, corequisite remediation)</td>
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<td><strong>Administrative Burden</strong></td>
<td>• Minimize the hassle of accessing funds, which may fall more heavily on institutions and students that are disadvantaged (e.g., lower staffing capacity)</td>
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Key Takeaways: Designing an Equitable Funding Model

State Context & Objectives
Identify (equity) objectives, conditioned by state context

Funding Model Design
Align model to stated (equity) objectives. Consider the process (e.g., who is included?), equity premia, and other model design components

Communication
Communicate to stakeholders to establish buy-in and promote stability
Thank You

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References