

# Equity Considerations in State Funding Models for Higher Education

Denisa Gándara, Ph.D.

The University of Texas at Austin



**What Do We Mean by “Equity”?**

# Equality



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

Source: [Mobilize Green Blog](#)

# Equity



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

# Justice

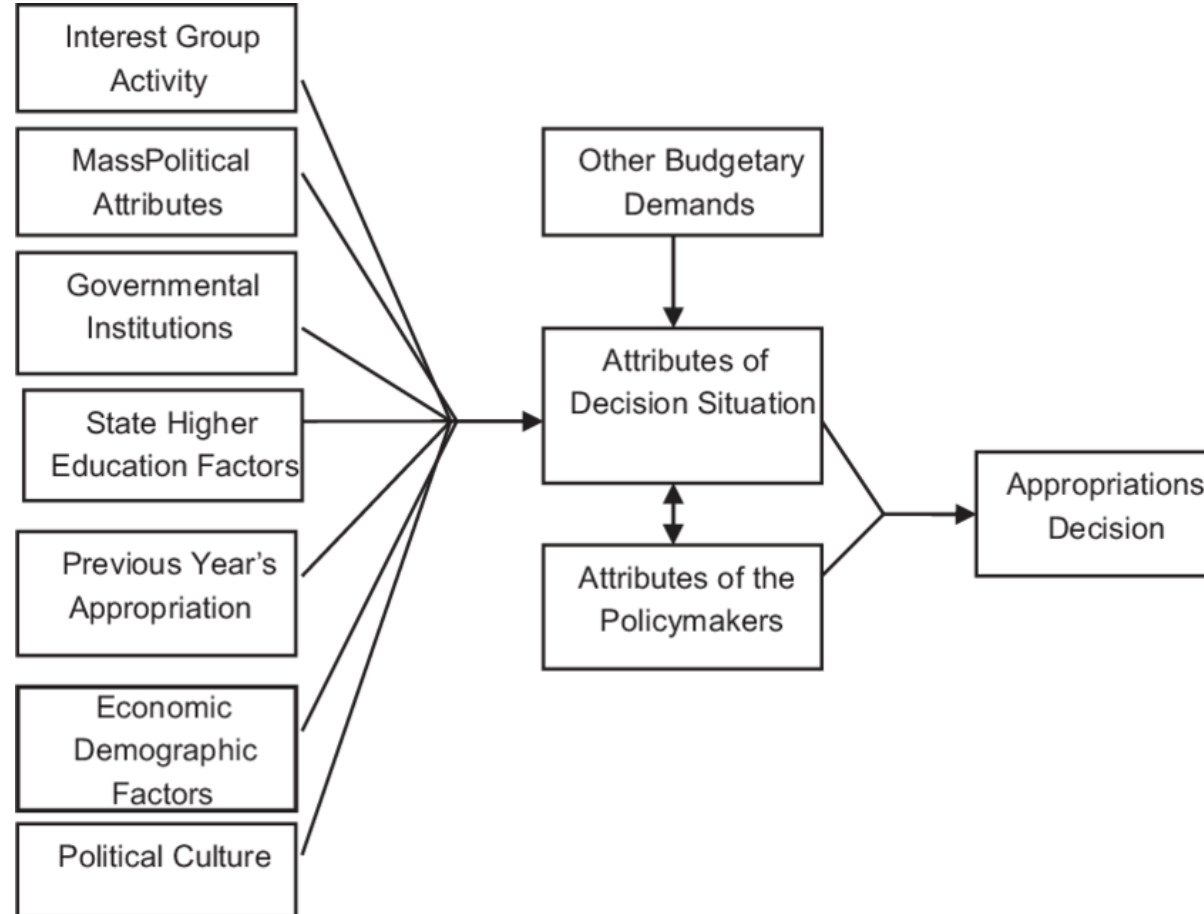


All 3 can see the game without supports or accommodations because **the cause(s) of the inequity was addressed**.

**Conceptualizations and operationalizations of equity are context-specific, dynamic, and constrained by state-level factors.**

Sub header

# State Fiscal Policy Framework for Higher Education



# **Considerations for Incorporating Equity in State Higher Education Funding Models**

## Funding Model Design Process

- Representation in the process
- Considering full higher education finance landscape
- Monitoring for impacts on equity

## Equity Premia / Cost Adjustments

- Student needs
- Community needs
- Institutional needs

## Other Funding Model Components

- Headcount v. FTE
- Capacity building / What works?
- Administrative burden

# 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

# 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

## Headcount v. FTE

- Avoid disadvantaging institutions that serve more part-time students (per cost analysis)

## Funding What Works

- Build capacity by funding evidence-based practices (transportation, childcare, corequisite remediation)

## Administrative Burden

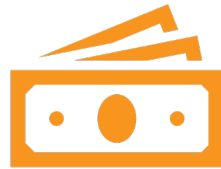
- Minimize the hassle of accessing funds, which may fall more heavily on institutions and students that are disadvantaged (e.g., lower staffing capacity)

# 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

[denisa.gandara@austin.utexas.edu](mailto:denisa.gandara@austin.utexas.edu)

Twitter: @gandaradenisa

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