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OUTCOMES BASED FUNDING AND RACE IN HIGHER EDUCATION

Can Equity be Bought?

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CHAPTER 1

Show Me the Outcomes! The Emergence of Performance and Outcomes-Based Funding in Higher Education

Abstract This chapter explains the evolution and characteristics of performance and outcomes-based funding (POBF) and why it matters to achieving equity in higher education. It also describes the research questions, methods, and theoretical frameworks guiding the book.

Keywords Performance funding · Chapter overview · Outcomes-based funding

Over the last decade, concerns about the cost and value of college have saturated the media. Less than 24 hours after HBO aired an episode about the student loan crisis on its VICE documentary series, presidential candidate Hillary Clinton released a proposal to provide student loan forgiveness to entrepreneurs. Higher education sessions and national education policy forums are dominated by topics like "how to measure the value of college," "college affordability," and "free community college." These movements represent the growing concern over the costs of college, students' reliance on student loans to pay for college, and, ultimately, whether or not it is all worth it.

With less than half of all students in the United States completing a college degree within six years, and student loan debt reaching $1 trillion, policymakers have become entrenched in a movement to hold colleges and universities more accountable to their supporters. Similar to K-12 accountability,

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officials are pressured to answer questions about student outcomes and performance, the value of education, the effectiveness of instructors, and the ability of existing leaders to manage college budgets efficiently and effectively. States have also taken numerous actions to hold institutions of higher education more accountable by adopting performance and outcomes-based funding (POBF) policies. Through POBF, public colleges and universities receive state funding through formulas that no longer rely solely on student enrollment, but are instead based on student outcomes. This means that lower student outcomes such as graduation rates result in less funding for the college or university.

POBF policies were first introduced to encourage higher education institutions to focus on issues that governments and voters felt were important, such as outputs and efficiency (Dougherty et al., 2015). As the costs of higher education increased in the 1980s and 1990s, so too did the demand for greater proof that institutions provided a high-quality education and higher graduation rates. As of 1994, more than one-third of states implemented POBF policies that provided financial incentives for measures such as providing access for undergraduate students, sustaining quality in undergraduate education, creating national competitiveness in graduate studies and research, meeting critical state needs, and maintaining managerial efficiency and effectiveness (Ruppert, 1994). The 1.0 version of POBF policies allowed states to provide bonus money for high-performing campuses. However, the economic crisis of the new millennium resulted in the reduction of such policies, as states did not have enough funding to provide incentives to affect institutional behaviors (Burke and Modarresi, 2000; Shulock, 2011). But more recently, the popularity of POBF policies has reemerged as a result of limited state resources for higher education and an increased demand for accountability for all public spending (McLendon et al., 2006). Instead of making bonus funding available, the limited resources of POBF 2.0 stipulate that either some or all of a campus's base funding must be determined by student outcomes. So far, over half of all states have adopted a funding formula that takes student outcomes and institutional performance into account (National Conference of State Legislatures, 2015).

How Does POBF Work?

Historically, states determined campus funding based on inputs or student enrollment; however, POBF policies often consider student inputs, progress, and outcomes. Within POBF policies, states use *input metrics* to track

and reward campuses that enroll and hire desired student and faculty populations. For instance, the state of Virginia measures increases in the enrollment of in-state undergraduate students from underrepresented populations, including low-income, first-generation, and racial and ethnic minority students. *Progress metrics* includes variables like credit accumulation and retention that demonstrate colleges' progress toward degree completion and other outputs. Progress metrics are paired with *process metrics* that capture institutional efforts to increase their capacity in ways that could increase their institutional effectiveness. For example, in Arkansas, progress is measured at four-year institutions based on the percentage of students who earn 18 or more credit hours over two academic years. The *output metrics* represent states' goals for public higher education, which most often means overall degree completion for targeted student populations. For instance, the state of Nevada rewards campuses based on the number of bachelor's degrees conferred during an academic year. States also use POBF metrics designed to meet state equity and diversity goals by rewarding campuses for the enrollment and success of students that they have characterized as academically "at risk" or underprepared, including adult, low-income, underrepresented racial minority, transfer, and first-generation college students. In Oklahoma, POBF is awarded based on the retention of Pell Grant recipients and other factors.

Since states use different definitions and metrics to define and measure performance, models vary considerably across state lines. HCM strategists (Snyder, 2015) have identified four different types of models to classify the policies based on their level of sophistication and adherence to promising practices. HCM's typology classified *Type I* systems as those that are rudimentary, do not involve high levels of funding, and represent a minimal alignment between completion and attainment goals and the state's finance policy. *Types II* and *III* represent increasing degrees of development and adherence to promising practices, while *Type IV* systems are the most robust, with significant and stable funding, full institutional participation, differentiation of metrics by sector, and prioritization of both degree/credential completion and outcomes for underrepresented students.

POBF's Significance and Impact

States should be cautious in how they design their POBF policies, as evidence illustrating that the adoption of particular POBF policies leads to the desired student outcomes remains inconclusive. Scholars who have

studied the impact of these funding formulas have found that some policies limited or even negatively impacted student outcomes like retention and graduation rates (Tandberg and Hillman, 2013). In some cases, policies have even resulted in unexpected outcomes like increased selectivity and increased certificate rather than degree attainment to reach completion goals at community colleges (Dougherty et al., 2015; Hillman et al., 2015). What remains is a limited understanding about the implications of these policies for achieving equity in higher education. It is also necessary to consider what POBF policies mean for students of color–many of whom are first-generation college students from low-income households–and the colleges and universities that primarily serve these student populations, such as Minority-Serving Institutions[1] (MSIs).

Although the enrollment of students of color in higher education has increased over time, gaps in completion rates have increased (Eberle-Sudre et al., 2015). MSIs have fewer resources than non-MSIs, but are responsible for enrolling two of every five students of color in higher education; in fact, public MSIs enroll over half of all students of color in public higher education (Cunningham et al., 2014; Jones, 2014). As higher education becomes increasingly stratified, where students attend college, the resources possessed by those institutions, and the outcomes institutions are able to achieve all matter. Indeed, such is critical, as students of color and low-income students are often educated at the least-resourced institutions across the educational pipeline. Therefore, the approaches policymakers use to determine resources at colleges and universities that educate large proportions of such students are of the utmost importance. Consequently, the aim of this book is to examine the implications of POBF for racial equity in higher education. More specifically, the book will:

1. Discuss how states have addressed equity in their POBF policies, and the possibilities and limitations of these approaches;
2. Discuss the specific implications and outcomes of POBF for MSIs, which are most likely to serve the populations who experience significant inequities in higher education;
3. Provide policymakers and higher education scholars with recommendations and strategies for using POBF to advance racial equity in higher education; and
4. Encourage communication between those engaged in higher education policy and the issues thereof.

Book Overview

Theoretical Framing

Educational policy research is often disconnected from the political and historical contexts that shape the policy being studied (Halpin and Troyna, 1994). As Bensimon and Bishop (2012) explain, "The scholarship and policy frames that are familiar to decision makers and practitioners too often fail to ask the 'race' question critically and knowledgeably" (p. 2). We sought to address this gap by employing throughout the book critical frameworks that center issues of race and inequality, such as intersectionality, Critical Race Theory (CRT), and Critical Discourse Analysis. We most commonly used CRT, which challenges assumptions of objectivity and embraces the understanding that seemingly neutral laws and policies often have consequences and outcomes that either sustain or exacerbate existing structural and institutional racial inequities (Bell, 1980; Solorzano and Yasso, 2002). In particular, we applied the CRT tenets of *the permanence of racism* and *interest convergence* to understand the implications of POBF policies for students who have been historically underrepresented and for the campuses that primarily enroll them.

Methods

The methods used vary across each chapter, but involve either one or more of the following strategies: (1) a comparative analysis of publicly available POBF allocations by institutional type (the state allocation data were created and made publically available by each state's respective higher education agency); (2) an analysis of publicly available data on state POBF policy descriptions, which was conducted through a systematic review and evaluation of documents, including print, electronic, and digital media records, and artifacts for the purpose of uncovering new knowledge (document analysis supports our goals to employ a critical framework because this method provides context, highlights gaps, poses questions that need to be asked, and verifies or corroborates claims) (Creswell and Plano Clark, 2007); (3) the use of publicly available data trends from sources like The National Center for Education Statistics, which were used to provide demographic, enrollment, and completion information for the campuses in each state; and (4) the use of data from semistructured participant interviews

(Olson, 2011) that lasted approximately 1 hour each. Purposeful sampling (Patton, 1990) was used to select 11 participants, which included higher education researchers and leaders, and nonprofit and policy organization leaders, some of whom have been instrumental in POBF design in their respective states. The group included four participants representing nonprofit organizations engaged with higher education policy and advocacy, six academic researchers studying higher education accountability systems, and one participant serving as a campus leader at a public four-year university that primarily serves low-income students and students of color in a state with a POBF policy.

In previous studies comparing POBF models in different states, it has been noted that contextual features may play a role in how a state's model is conceived, supported, and implemented (Dougherty et al., 2015). Furthermore, it should be noted that for each state there is a unique history of the use and implementation of POBF, which inevitably may complicate how institutions respond to the model itself and how subsequent funding cuts impact the institution. We used a purposive sampling technique (Maxwell, 2005) in order to include states that were not only employing a POBF system, but were allocating moderate to high levels (at least 5%) of higher education allocations to the POBF model. We also wanted states that provided regional diversity and included a diverse group of higher education institutions, including two- and four-year MSIs. Within the discussion of national trends, the book includes in-depth analyses of existing POBF systems in Ohio, Florida, Tennessee, and Texas, and proposed models in California, Texas, and Maryland. There are also states like Tennessee that, due to their long-standing policy and significant state investment in POBF, are looked to as models for other states' policy design, thus we focused on highly influential states such as this one. Additionally, Texas has a POBF policy that applies to its two-year campuses, including a robust set of MSIs that will be addressed in Chapter 4. Texas has a separate proposed policy that, if adopted, would apply to all four-year MSIs in the state. We include both analyses because the state of Texas has one of the largest numbers of public MSIs in the nation, and both the adopted policy for two-year colleges and the proposed policy for four-year institutions have the potential to significantly impact a large group of students of color. Detailed descriptions of how states are examined in the chapters are provided below.

Chapter Descriptions

The book begins with three studies examining the impact of POBF on racial equity in four states. Impact is measured in multiple ways, but each chapter addresses funding allocations to campuses enrolling students of color and how equity is rewarded in those systems. The second half of the book focuses on POBF design in existing and proposed policies, and how states are attempting to account for and reward racial and other types of equity. The book also addresses policy influencers' perspectives on how POBF impacts equity, and how those perspectives impact policy design and adoption. Finally, the book closes with recommendations for redesigning POBF to advance racial equity.

Chapter 2, "Double or Nothing: States Betting It All on Performance and Outcomes-Based Funding and the Implications for Equity," addresses the effects of POBF measures on four-year MSIs in states that have made a significant investment in performance-based funding measures. Two states, Ohio and Tennessee, serve as the focus of this chapter, and their POBF data are analyzed in depth. In both states, a significant amount of school funding is dependent on performance measures, with Historically Black Colleges and Universities (HBCUs) faring seemingly well. Considering these outcomes, it is imperative to understand how states account for equity in their policy to ensure MSIs are not disadvantaged. Thus, this chapter gives a detailed overview of factors considered in both Ohio's and Tennessee's funding formulas, and how those factors specifically affect MSIs in those states.

In Chapter 3, "Reparations and Rewards: Performance and Outcomes-Based Funding and De Jure to De Facto Segregation in Higher Education Systems," the authors use the case study method to explore POBF policies in Florida and how they either depart from or extend to the once legally segregated South. In order to understand the social implications of these policies, the authors first review the history of HBCUs in the South, discussing the once legally enforced segregation these institutions experienced, the desegregation cases that acted as legal interventions to help create equality, and the de facto segregation that often resulted from those interventions. Finally, this chapter explores whether the POBF policies and resulting resource allocations work to support the mission of the desegregation cases, or if these policies are simply another example of de jure segregation that ultimately results in separate and unequal institutions of higher education.

Chapter 4, "Impacting the Whole Community: Two-Year Minority-Serving Institutions and Performance and Outcomes-Based Funding in

Texas," includes an overview of POBF policies in Texas and discusses how these policies plan to improve student outcomes at specific two-year MSIs. The chapter also includes a description of the metrics Texas used to determine POBF allocations among two-year MSIs and two-year non-MSIs. Texas uses the Student Success Points model for incorporating POBF into the community college instructional appropriation. The authors evaluate the impact of the model on student retention and graduation rates at two-year Hispanic-Serving Institutions (HSIs) and Asian American and Native American Pacific Islander-Serving Institutions (AANAPISIs) in the state.

In Chapter 5, "A Critical Analysis of the Sociopolitical Climate for POBF in Three States," the authors use a critical policy framework to examine the sociopolitical climate of three states with rapidly increasing populations of color: Texas, California, and Maryland. These states are examples of active, failed, and proposed legislation for performance-based funding designed to increase accountability for better outcomes in higher education. The authors' examination offers a critical perspective on how different factors within a state's context may shape the ways in which differently resourced institutions are considered in the creation and adoption of POBF policy.

Chapter 6, "Policy Actors, Advocates, and Critics: The Promotion and Critique of Performance and Outcomes-Based Funding's Impact on Equity," includes a review of data from a qualitative interview study conducted with POBF advocates and critics from various organizations focused on higher education, campus leaders, and academic researchers. As more states move toward substantial POBF formulas for higher education, it is crucial to understand how these policies work to advantage or disadvantage our most vulnerable student populations. In this chapter, we explore higher education leaders' insights and experiences with POBF, specifically targeting leaders who have been publicly vocal about the ways the policies have helped or inhibited equity.

Chapter 7, "Between Words and Action: The Problem with POBF Indictors for Achieving Racial Diversity," examines the discourse of diversity as it is framed by POBF models. Using critical discourse analysis, we map the prevalence and parameters of the discourse of diversity within POBF models. Our findings will illustrate the limits and potential negative implications of the framing within POBF models for racial diversity and equity. Recommendations for policymakers, institutional leaders, and researchers about how POBF can be more reflective and purposeful towards supporting institutional racial diversity and inclusion goals will be offered.

In Chapter 8, "Toward a New Framework for Funding for Equity," the authors propose a framework for using higher education funding and policy to advance equity issues. This new framework challenges existing ones that focus on inputs and outputs, ignore issues of institutional capacity, and rarely involve campus leaders in policy development and implementation. This chapter also addresses how POBF in particular is changing the purposes/goals of higher education. Finally, it provides recommendations for policymakers who are working to advance equity within existing policy structures.

Note

1. Minority Serving Institutions (MSIs) include Historically Black Colleges and Universities (HBCUs), Hispanic Serving Institutions (HSIs), Tribal Colleges and Universities (TCUs), and Asian American and Native American/Pacific Islander-Serving Institutions (AANAPISIs).

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PART I

Understanding the Impact of POBF on Racial Equity

CHAPTER 2

Double or Nothing, States Betting It All on Performance and Outcomes-Based Funding and the Implications for Equity

Abstract This chapter addresses the effects of POBF measures on four-year MSIs in states that have made a significant investment in performance-based funding measures. Two states, Ohio and Tennessee, serve as the focus of this chapter, and their POBF data are analyzed in depth. In both states, a significant amount of school funding is dependent on performance measures, and HBCUs are faring seemingly well. Considering these outcomes, it is imperative to understand how states are accounting for equity in their policy to ensure MSIs are not disadvantaged. Thus, this chapter gives a detailed overview of factors considered in both Ohio's and Tennessee's funding formulas and how those factors specifically affect MSIs in those states.

Keywords Equity measures · Historically Black Colleges and Universities (HBCUs) · Incentives

Introduction

In the discussion of POBF, the effect on MSIs–specifically HBCUs, institutions that generally serve underserved students (students of color, and first-generation and low-income students)–is a hotly debated issue (Cunningham et al., 2014). Proponents of POBF argue that funding plans increase institutional effectiveness, ensuring that these universities better serve underserved students and guarantee on-time graduations (i.e., within six years).

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Detractors note that, in order to compete for funds, institutions with missions to serve underserved students are abandoning those missions and becoming more selective in their admissions processes. By neglecting underserved students, and instead focusing on admitting students with the highest grades and test scores, they argue that underserved students are being "creamed" out of the college experience, and while institutions may not want to abandon these students, they are forced to do in order to survive (Dougherty et al., 2014).

Others participating in the debate explain that, while POBF may have some unintended negative consequences, including creaming, there are examples of specific states that are doing a better job of ensuring equity. Two states commonly identified for building equity into their outcomes-based formulas are Ohio and Tennessee. Interviewed researchers note that these states have been deliberate about addressing equity by creating premiums in the formula for students who have been identified as at-risk or high needs. The question that remains is how these premiums translate to outcomes for not only underserved students, but for the colleges and universities explicitly committed to and already serving a student body comprised of largely low-income students of color. This chapter is aimed at understanding whether equity is built into these metrics to simply send the message that the states care about equity, or whether it actually ensures equitable outcomes for vulnerable student populations.

Theoretical Framework

One consistent complaint from stakeholders about POBF is that it is a one-size-fits-all solution for increasing institutional performance. This is a particularly important point when considering publicly funded HBCUs, as they have a distinct mission and history resulting from the communities they were founded to serve. The survival of these institutions is critical to underserved communities of color; some of the students they educate would likely not be accepted into Predominantly White Institutions (PWIs). Thus, these institutions play a critical role in the struggle for racial equity in higher education. In order to assess the effects of POBF on HBCUs and racial equity, it is necessary to use a critical race lens when reviewing funding formulas.

A critical race lens requires researchers to situate their examinations in a larger history of the struggle for educational opportunity and equity for people of color. Government policy and, more specifically, HBCUs have played a pivotal role in ensuring a move toward equity. Thus, it is crucial to review policy with a critical consideration of racial disparities and opportunity

gaps. CRT points to the necessity to analyze policy, considering the long history of non-White people's participation (or denial thereof) in the education system, and the need for mandated government policy to ensure participation in higher education (Harper et al., 2009). Considering the role HBCUs continue to play in ensuring African-American educational equity–including producing disproportionally high numbers of graduates in crucial fields like Science, Technology, Engineering, and Maths (STEM) and education–it is imperative to analyze government policies that involve funding students to ensure they are not experiencing deleterious outcomes. In this examination, we explicitly counter the concept of *racelessness*, addressing the role White supremacy and racism have played in disadvantaging people of color, and specifically African-Americans, in higher education (Patton, 2016).

Methods

This research is a content analysis of POBF data from Ohio and Tennessee, as well as semi-constructed interviews with POBF stakeholders throughout the U.S. Data reviewed in this study include higher education expert interview transcripts; state POBF formulas; institution metrics, including state funding and per-student allocation; student success metrics, including completion rates and retention rates; and institution demographics, including endowment, percentage of students of color, undergraduate enrollment, and Pell student enrollment. Interview transcripts were analyzed from interviews conducted with higher education professionals who were actively involved in the national debate on POBF.

A content analysis is a research method concerned with analyzing written, verbal, or visual communication messages, and making inferences about them within their context (Krippendorff, 1980). This content analysis goes beyond the immediately observed to first analyze the historic and symbolic qualities of communication, and then make inferences from the data, deriving themes, concepts, and categories. Content analysis is a nonlinear process; all data are given the same consideration whether entered at the beginning or end of the analysis. This analysis is an inductive process that allows the researcher to develop concepts based on the actual POBF data, as well as enabling the researcher to detect trends, patterns, and differences that are not readily seen by users (Krippendorff, 1980).

The first step required in content analysis is design. The design of the analysis is where researchers introduced the context of the research and valid criteria for making inferences. Next, the researchers identified sampling units

for the study. After coding sample data, they created categories drawn from the research. Codes were then used to draw inferences from the data to the overall themes of the research questions.

Overview of Ohio Formula

In Ohio, POBF determines 100% of state funding for higher education. The state currently has 38 publicly funded institutions affected by the introduction of performance-based funding. Of those 38 institutions, Central State University, an HBCU, is the only MSI. Central State accounts for 2% of public state-funded institution enrollment in the state, and generally enrolls 1,995 students of color who constitute 98% of the university's enrollment.

POBF in Ohio is mainly determined by output metrics, including degree completion, course completion, and doctoral and medical set-asides. As of 2015, the state included an equity output awarding additional weights for degree completion in STEM fields as well as for at-risk students. The state defines at-risk students as those who are Pell Grant eligible, Native American, African-American, or Hispanic, or those who are 25 years of age and older. Thus, institutions with diverse student bodies, as determined by income, race, and age, are given additional weights in funding consideration. Ohio is one of the few states with POBF that has been purposeful about including incentives for racial equity in their metric (National Conference of State Legislatures, 2015). As one higher education professional explained, "Ohio is the only [state] that has clearly articulated certain ethnic and racial minority populations as an access category or a priority category."

Table 2.1 illustrates how Ohio's funding formula has evolved since 2013. The state has increased focus on degree completion, decreased focus on course completion, and begun to include equity considerations, though they are not included in the formula as a specific category. Rather, equity is included as a consideration for additional weights throughout each funding category.

Overview of Central State 2013-1025

Central State University is an HBCU and open-access institution located in Wilberforce, Ohio, and founded in 1887. It began as a Combined Normal and Industrial Department at Wilberforce University. The objectives of this new state-sponsored department were to provide teacher training and vocational education, and to stabilize these

Table 2.1 Ohio Funding Formula

Funding category	*FY 2013*	*FY 2014*	*FY 2015*
Degree completion	18%	50%	50%
Course completion	61%	30%	30%
Doctoral and medical set asides	20%	19.7%	20%
Historical set asides	1%	0.3%	0%
Other considerations		Additional weights awarded for degree completion in STEM fields	Additional weights awarded for degree completion in STEM fields and at-risk student degree completion

Note: All data were retrieved from the Ohio Board of Regents

programs by assuring a financial base similar to that of other state-supported institutions. The department grew from a two- to a four-year program, and in 1947, it legally split from Wilberforce, becoming the College of Education and Industrial Arts at Wilberforce. The name was changed in 1951 to Central State College, and in 1965, the institution achieved university status. The university enrolls 2,036 undergraduates, 98% of whom are students of color. Central State University has an 88% Pell population, a 53% retention rate, and a 25% six-year graduation rate. It is important to note that the university's endowment is $2,009,394, significantly less than all other publicly funded universities in Ohio.

POBF Outcomes

Under POBF from 2013 to 2014, Central State University suffered a 2.10% decrease in allocation, and per-student funding was reduced from $3,095.59 to $3,031.76, both below the per-student allocation average for public universities. Though equity measures that would benefit the university are now in place, they were not in 2014 (see Table 2.2).

Considerations for Central State University

Using an equity lens to analyze the effects of POBF on Central State University, it is important to consider a few points. First, Central State

Table 2.2 Central State Percentage Change

Institution	*Funding prior to POBF (2013)*	*POBF year 1 (2014)*	*% change in allocation*	*Per-student allocation (2013)*	*Per-student allocation (2014)*
Central State University	6,302,628	$6,172,666	–2.10%	$3,095.59	3,031.76
University of Cincinnati	$156,581,998	$160,294,129	2.40%	$6,605.16	6,761.75
Ohio State University	$331,828,611	$342,015,847	3.10%	$7,507.26	7,737.74
Mean	68,043,213	73,866,552	70,954,882	$4,643.35	$4,603.29

University has the smallest endowment of all public Ohio universities; second, before POBF was introduced, Central State University's per-student allocation was lower than the state average; and third, the state flagship university, Ohio State University, which has less than a quarter of the number of students of color and 100 times the endowment, receives double the per-student allocation than that of Central State.

In 2015, the Ohio legislature introduced equity measures into the POBF formula, adding considerations for universities with "at-risk" students. This introduction can be seen as an attempt to level the playing field for universities; however, for the state's sole HBCU, a much stronger push for equity would be needed to put a school with such a small endowment and a historically low per-student allocation on the same field as the flagship. In order for Central State University to compete with other public Ohio universities, historical underfunding and an acknowledgment of the financial burden encountered when serving such a high needs population must first be addressed. Any attempt at equity that does not address the state of Central State University before the introduction of POBF does little more than maintain the continuous gap. Additionally, if the goal of those seeking equity in higher education is to encourage universities to serve a more diverse student body and support them in their efforts to support that student body, that goal has not been demonstrated in Ohio's funding. Serving by far the most diverse student body of all public universities in Ohio, Central State University was one of just six of the 38 publicly funded universities whose funding decreased in the first year of POBF. However,

Ohio State University, with students of color comprising just 18% of the total student body, boasts the highest per-student allocation in the state, and saw a 3.10% increase from 2013 to 2014. These statistics illustrate that diversity was neither encouraged nor rewarded in this formula; thus, equity–and specifically racial equity–was not supported.

So, while Ohio has funded POBF as a way to encourage universities to increase outputs based on formula objectives, the formula would need a significant focus on equity in order to encourage universities that fare well with the current output metrics based on degree and course completion and doctoral and medical set-asides to risk lowering completion rates by enrolling and putting significant funding behind educating at-risk students. There is not currently an incentive for PWIs, particularly the larger state universities, to educate underserved students, as they would risk lowering their completion rates. With additional weighting awarded for enrolling at-risk students in 2015, there was an increase in Central State University's funding; however, because there is not a specific equity output being considered in a percentage of the formula, institutions that do not serve a diverse student body, or that serve their diverse students well, will not necessarily see a decrease in funding.

Thus, while the incentive to increase racial equity is not demonstrated in the funding outcomes, there is an incentive for Central State University to mission drift, and either avoid enrolling or "cream" out students who are least likely to complete their education in order to survive. With 100% of their funding determined by output metrics, it is critical for Central State to increase completion rates to avoid continuous decreases in funding and possibly attempt to increase per-student allocation to compete with other public universities for enrollment. As one HBCU administrator noted:

> So we have taken on a mission drift in some ways; that's how it really hurts equity: it allows institutions to take on a mission drift to…the purpose of majority institutions, which in some ways is the intention of the state legislature in doing it. But, you know, it's hard to maintain your original mission and maintain enrollment and all those things if you start to drift over to a different standard.

It is important to consider that Ohio calculates completion rates based on a three-year average; thus, if Central State University does not want to see three years of decreased funding, they will have to make dramatic advances in completion rates.

Yearly changes in the POBF formula are also important to consider. One HBCU administrator coined the performance formulas "moving goalposts," explaining that HBCUs must be very decisive about funding endeavors due to extremely limited budgets and the struggle to shift focus in order to keep up with the formula. Here, it is also critical to consider the historic underfunding of HBCUs and preferences for flagship state universities. While Ohio awards extra points for students in STEM programs, we must consider whether Central State University has been granted the opportunity to develop STEM programs or the funding to support them. As one HBCU administrator commented:

> It still doesn't apply resources, and resources are much broader. It's also [about whether] you have the right mix of programs . . . How can you compete in a model that says that you have to have degrees for strategic emphasis? For example, a lot of states are doing that, where you have to have all these STEMS, but you won't give me STEM programs . . . So thinking about resources is not just monetary, you know? The resources are also . . . buildings. The resources are also about what programs can I offer; can I offer graduate degrees? All those are included in resources . . .

Messaging About Racial Equity

Recent studies have found little impact of POBF metrics on university outputs (Hillman et al., 2014). Thus, we are ultimately analyzing what state formulas are incentivizing. As such, we have to consider what the funding formula is saying about how we should serve our most underserved students: poor students of color. Again, while Ohio state legislatures have now decided to award additional points for at-risk students, it is unclear whether state universities that are thriving without that additional weight will be likely to risk output metrics by attempting to serve at-risk populations. Instead, awarding additional weight for at-risk students serves as an attempt to assist Central State University in returning to its original funding levels, which were already below average. HBCUs, the universities most concerned with this group of students, seem to have the most at stake under these metrics; they cannot risk losing resources needed to serve their high-needs population and have a mission to serve it. Ultimately, Central State, with its history of low funding and the smallest endowment in the state, is being incentivized to alter practices

more than any other university in the system. It is also being encouraged to shift its focus in order to increase degree and course completion and meet POBF metric demands rather than putting resources behind services for their most-difficult-to-serve students (as outlined in the institution's mission). On the other hand, the funding formula does not strongly encourage PWIs to diversify their student base and educate poor students of color. Thus, the formula's underlying message is that these underserved students simply do not matter enough.

Overview of Tennessee Formula

Similar to Ohio, funding in the state of Tennessee is based nearly 100% on POBF (Snyder, 2015). Tennessee has nine publicly funded institutions, of which only one, Tennessee State University, is an HBCU. In fact, Tennessee State University is the sole four-year public MSI in the state. It enrolls 5,375 students of color, 76% of the institution's overall undergraduate enrollment.

Tennessee's POBF metrics include both output metrics and progress/process metrics. Output metrics include degree completion/conferral, research and grant funding, student transfers out with 12 hours, degrees per 100 full-time enrolled (FTE) students, and six-year graduation rates. The progress/process metric refers to students accumulating 24, 48, and 72 hours. The state awards additional weight for adults (students over 25 years of age) and low-income students. The new formula (2015–2020) also has a premium for academically underprepared students, and weighs premiums for adults and low-income students more heavily. The higher education commission also awards improvement grants originally intended to aid institutions in building capacity to respond to the formula (although they do not quite have that effect in practice).

Table 2.3 illustrates a breakdown of Tennessee's funding formula. The state does not have a specific equity metric, but applies additional weight to each of the six metrics, considering whether institutions are serving high-needs students.

Overview of Tennessee State University

Tennessee State University is an open-access land-grant HBCU founded in Nashville, Tennessee, in 1912. In 1909, the Tennessee State General Assembly created three normal schools, including the Agricultural and Industrial Normal School, which grew to form Tennessee State

Table 2.3 Tennessee Funding Formula

Tennessee	*Type of metric*
Students accumulating 24 hours, 48 hours, 72 hours	Progress/process metric[a]
Bachelor's, master's, doctoral, law (conferred)	Output metric
Research and grant funding	Output metric
Transfer out with 12 hours	Output metric
Degrees per 100 FTE	Output metric
Six-year graduation rate	Output metric

[a]Adults (over 25) and low-income students completing any of the metrics are more heavily weighted. Additional weights are applied to each outcome depending on the priority and institutional mission. Points are awarded based on outcomes metrics, which are then multiplied by the Southern Regional Education Board's (SREB) average salary to monetize the formula. Fixed costs and the Quality Assurance program funds (accreditation, student satisfaction, and licensure exam pass rate) are added on.

University. In 1979, after the university's faculty filed suit (*Geier v. Tennessee*), arguing that Tennessee was maintaining a dual system of higher education based on race, Tennessee courts ordered the merger of the University of Tennessee at Nashville with Tennessee State University (Davis, 1993). Today, Tennessee State enrolls approximately 7,073 undergraduate students and maintains an endowment of $40,298,412. The university has an approximately 65% Pell population, a 62% retention rate, and a six-year graduation rate of 42%.

POBF Outcomes

Unlike Central State University in Ohio, Tennessee State University experienced a 2.66% increase in allocation between 2011 and 2012. With the introduction of POBF metrics in 2012, Tennessee State University's per-student funding was increased from $4,037.16 to $4,147.48. The University has seen an increase in allocation each year since the introduction of POBF metrics, and the per-student allocation is the third highest in the state, exceeded only by the University of Tennessee-Knoxville and the University of Memphis (Tennessee Higher Education Commission, 2015; College Results, 2015).

Considerations for Tennessee State University

The state of Tennessee is continuously included in discussions of POBF as an example of an equitable state system of funding higher education, one

that decisively supports underserved students. Though the state does not have specific considerations for race in its metrics, many experts note that its additional funding allocations for older (over 25 years old) and low-income students, and its consideration for institutional missions establish a system that rewards and supports universities serving high-needs students. As one HBCU administrator noted, "I think I like Tennessee's model, especially looking at... the core value of the state, and if the core value of the state is [that] we believe that we want students to have access to higher education and we want those students to be a priority in graduation... I think you have to have an equity minded performance metrics model."

While Tennessee's introduction of POBF can be understood as an effort to right both historic and ongoing wrongs in higher education funding, there are a few similarities between states in terms of flagship comparisons to smaller state universities. The University of Tennessee-Knoxville, the state's flagship, and the University of Memphis, a strong state institution, boast endowments more than quadruple the amount of Tennessee State University, and maintain significantly higher per-student allocations. The University of Tennessee-Knoxville was granted a per-student allocation of $7,908.76 in 2014, while the University of Memphis received one of $5,219.14 (Table 2.4).

Consequently, there are a few important considerations in reviewing the effects of POBF on Tennessee State University, and, ultimately, racial equity in Tennessee's higher education system. First, Tennessee has a history of underfunding Tennessee State University, including a denial of programs and resources needed to attract students and maintain adequate enrollment. Second, though Tennessee awards additional weight for older and low-income students, the University of Tennessee-Knoxville has increased its funding each year since the introduction of POBF, maintaining a significantly higher per-student allocation than Tennessee State University, though UT serves a drastically less diverse student body, with only 16% students of color, and a Pell population of approximately 19%.

It seems that the POBF design team addressed historical imbalances in funding by making equity goals explicit in POBF priorities; however, while the state addressed class discrimination, they shied away from tying any equity goals to race. In discussions of metric design for the state, one administrator explained:

> Tennessee institutions get rewarded for students who progress and graduate, and institutions get an extra bonus or what we call a premium for those

Table 2.4 Tennessee Higher Education Per-student Allocation

Institution	*Funding prior to POBF (2011)*	*POBF year 1 (2012)*	*% change in allocation*	*Per-student allocation (2011)*	*Per-student allocation (2012)*
Tennessee State University	28,554,800	$29,335,100	2.66%	$4,037.16	$4,147.48
University of Tennessee-Knoxville	143,699,500	$144,150,000	0.31%	$6,633.10	$6,653.90
University of Memphis	91,785,400	$85,464,300	–7.40%	$5,376.06	$5,005.82
Mean	55,541,700	54,944,277		$4,066.68	$4,025.97

> students who are older, being over 25, or those students who are at-risk, which we define as Pell eligible at any point during your academic career, and so if you are older and Pell eligible then you get a double bonus. So that was done to . . . create that financial incentive, but also to *create a really clear agenda*, because not only did we want institutions to realize that there is money to be made if they focus on supporting at-risk students, but also we wanted to be able to create a really clear message for the governor, the legislature, academic leaders, and administrative leaders.

However, the administrator discussed the difficulty in attempting to specifically address race noting:

> In a lot of POBF conversations *with* policymakers in the South it's been a really difficult task to try to get them to include metrics that specifically call out the equity gaps in terms of students. And so time and time again we have these conversations with Southern policymakers, and they recognize the problem, but they seem to shy away from actually explicitly calling it out, because anytime we'll say there is a huge issue with African American completion rates, and that's something you need to address, they would say well, there are a lot of White rural rates that are pretty abysmal too, and low income graduation rates that are pretty low too, and so ultimately I think–at least for the time being–it seems like some sort of low income metric will have to be the proxy in a lot of Southern states.

Another higher education researcher noting consistent issues with naming race and attempting to achieve racial equity for underserved students

commented, "I think one other challenge–just more broadly in the equity conversation–is [that] a lot of what we see in states in terms of how we define equity is kind of the fall back to Pell eligible students or low income students. We started to see... more states extending those definitions to include academically underprepared students."

Thus, it seems that, similar to many other states considering equity in designing metrics, Tennessee designers settled on class versus race equity due to political implications and other difficulties (Boland, 2016). However, the numbers demonstrate that the flagship university, University of Tennessee-Knoxville, is not being pushed to serve additional students defined as at-risk, and they are maintaining a yearly increase in funding allocations with relatively low numbers of such students. Interestingly, even if they were encouraged to admit more at-risk students in order to garner additional metric points, it would not necessarily translate to racial equity, as the qualification could be satisfied by low-income or older White students. This is demonstrated in the funding of the University of Memphis, which serves a significantly larger number of students of color than the University of Tennessee-Knoxville (46%), but has experienced both reductions and additions in funding under POBF, with the additional weight failing to counter effects of other outcome metrics. Again, this raises the question of whether serving an underserved student body is "worth the risk" for universities that do not have a specific mission to do so, and have not devised a successful formula for educating those students.

Though funding under POBF metrics has steadily increased for Tennessee State University, they still serve a significantly higher needs population of students with less funding than the state's flagship university, the University of Tennessee-Knoxville, and another strong state university, the University of Memphis. Thus, POBF metrics serve to incentivize Tennessee State University to continue a history of serving their student body with their allotment of funding. However, like Central State University, output metrics may be encouraging the university to reallocate funds in order to align with metric demands, which may serve as a disservice to its student body. Also, while additional weight for low-income students benefits Tennessee State University, the refusal to address the resources needed to educate underserved students of color means that the university is still not receiving the resources needed to address this dually disadvantaged student body. The university would significantly benefit from a system that awarded dual points for low-income and racially underserved/underprepared students, as is the case for older and low-income students.

Messaging About Racial Equity

Ultimately, the Tennessee POBF metrics approach rights historical wrongs by crediting and awarding additional weights to support universities who serve what they have defined as at-risk students. However, the state stops short of awarding universities that serve critical populations–in this case, Tennessee State University–and, subsequently, the funding needed to serve students who are "at-risk" in more ways than those defined by the metric criteria. Similar to Ohio, Tennessee's POBF metrics demonstrate a greater incentive for public HBCUs to change their behavior to increase outputs and garner additional funds than for additional state universities to enroll and allocate funding to support high-needs students. This incentivizing serves to eliminate underserved students of color as the focus for any university. Indeed, universities that have historically focused on serving the student body must move toward a particular focus on outputs while other state universities may not see the additional funding for older and low-income students as incentive enough to enroll and support large populations of at-risk students. Again, it is important to note that students of color are not considered in the at-risk criteria.

Conclusion

HBCUS Have the Most to Gain or Lose

In Tennessee, extra premiums for serving high-needs students seem to be more beneficial to schools that already have systems in place to serve those students than universities that would have to create new supports for that demographic. The premiums serve to prevent Tennessee State University from being punished for serving that demographic, but do not act as incentives to encourage additional universities to serve a similar population. However, noninclusion of underserved students of color in the equity metric continues to allow Tennessee State University to be underfunded. Furthermore, since the introduction of POBF metrics in Ohio, Central State University, the sole public HBCU in the state and the institution with the smallest endowment serving a student body that is 98% students of color, suffered a decrease in state funding and continues to operate with the lowest per-student allocation of all the state's public universities. However, funding allocation information since the inclusion of premiums for at-risk students in Ohio remains unavailable. It is reasonable to assume that, once those

funding results are released, we will see similar trends as those in Tennessee. One additional effect is an increased competition for high achieving students of color due to the inclusion of a premium for race. While this may increase student-of-color acceptance rates at state institutions, this could deplete the most successful portion of Central State University's student body, thus creating increased competition among institutions. This increased competition is a negative consequence often noted by POBF detractors, particularly those in support of HBCUs, as they consider such institutions in a disadvantageous position, lacking comparable resources to compete for enrollment. In both cases, premiums do not serve as an incentive to offset costs for other schools to create programs that serve those students, and they may even create some unintended consequences for HBCUs. Thus, the premiums for at-risk students have yet to fully fund HBCUs to the level needed to adequately serve the student body already maintained.

Politics Gets in the Way of Racial Equity

In specifically addressing how to create a more equitable higher education landscape for underserved students of color, the political landscape in southern states has proven to be a hurdle. This is demonstrated in Tennessee's inability to directly address racial inequity in the POBF metric, versus Ohio, which explicitly named race in their at-risk student description, thus garnering additional premiums for institutions. While higher education experts argue that underprepared students of color must be addressed in higher education policy efforts, the resistance to name race as an issue pushes design experts to use class inequity designations rather than address race directly. One design expert noted that, in one state, committees that were charged with designing POBF policy included a premium for minority students in the policy model, but when the model went to the legislature, the premium was dropped from the model because policymakers wanted to avoid an affirmative action fight, and ultimately produced a policy that was more politically palatable. They explained that, in an update to the model,

> they were trying to find some way to include a premium for minority students without calling it 'minority students' so they wouldn't call as much attention to it. So they wanted to make that premium broader so it didn't only include minority students–maybe like minority students and

> low income students, or maybe . . . calling it underserved students or something along those lines, where it wouldn't be viewed as specifically a race premium.

How Much Is Enough to Right Historical Wrongs?

What is clear about POBF in Ohio and Tennessee is that the policies are there to stay. As policymakers continue to update the models and make attempts to include equity considerations, the response of publicly funded HBCUs requires continuous study. Since the introduction of POBF, both Ohio and Tennessee–states that have put a significant amount of resources behind POBF–have made yearly changes to their formulas, developing them from concentrating solely on outputs to including equity.

While the states continue to experiment and learn from unintended consequences revealed in yearly funding allocations, the higher education community will learn how much premiums work to support underserved students and increase equity in higher education. What is certain is that HBCUs have experienced unprecedented underfunding and a denial of resources needed to serve an overwhelmingly underserved student body (Gasman, 2010; Minor, 2008; T. Jones, 2014). Currently, formulas either exacerbate or maintain historical inequity rather than working to eliminate it. However, the situation for HBCUs in these states may be more difficult, as they are reallocating already limited resources to compete for students and additional resources.

While premiums for at-risk students recognize the difficulties in serving this student body, whether these premiums serve to actually increase student support depends on at-risk classifications and the amount of additional weight given to those populations. In Tennessee, premiums serve to prevent additional funding loss; however, neither Ohio nor Tennessee has addressed the reparations required to repair the history of underfunding at these HBCUs (Gasman, 2010; T. Jones, 2014). The individuals who sit at the table during policy design will be critical in determining whether these historical wrongs will be addressed in the future. Some experts are hopeful; they note that POBF presents an opportunity to include equity, in contrast to the old guard, where some felt that funding was largely the result of political clout. While the permanent models are still experimental, those who are at the table designing the models and making considerations will make the difference for the future of HBCUs and underserved non-White students' access to education.

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CHAPTER 3

Reparations and Rewards: Performance and Outcomes-Based Funding and De Jure to De Facto Segregation in Higher Education Systems

Abstract In this chapter, the authors use the case study method to explore how POBF policies in Florida are either a departure from or an extension of legal segregation. In order to understand the social implications of these policies, the authors first review the history of the once legally enforced segregation experienced by HBCUs, the desegregation cases that acted as legal interventions to help create equality, and the de facto segregation that often resulted from those interventions. Finally, this chapter explores whether POBF policies and resulting resource allocations work to support the mission of desegregation cases, or whether these policies are, in fact, another example of de jure segregation that ultimately results in separate and unequal institutions of higher education.

Keywords Historically Black Colleges and Universities (HBCUs) · Segregation · Diversity · Florida · Florida Agricultural and Mechanical University (FAMU) · Governance

Introduction

This chapter utilizes the case study method to explore performance-based funding systems in the state of Florida and examine whether these policies are an extension of the once legally segregated South. POBF "involves tying

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state funding directly to performance on specific indicators of institutional outcomes" (Dougherty & Natow, 2015, p.1). POBF is allocated based on institutions' outcomes on student metrics such as diversity, retention, course completion, and graduation (Dougherty & Natow, 2015). To date, 32 states have implemented and 3 states are developing POBF models for their public two- and/or four-year institutions of higher education (Snyder, 2015). Thirteen of these states are home to HBCUs. For many HBCUs, the insecurity and risk brought on by POBF is only exacerbated by existing financial woes. The state of Florida has one such HBCU: Florida Agricultural and Mechanical University (FAMU). This chapter begins with a review of the history of HBCUs in the South through a discussion of the once legally enforced segregation these institutions experienced, the desegregation cases that acted as legal interventions to help create equality, and the de facto segregation that often resulted from those interventions. Using CRT, the chapter discusses whether the creation and implementation of Florida's POBF policy extends de jure segregation by subjugating FAMU.

Methodology

The purpose of this study is to understand whether the performance-based funding system in the state of Florida is an extension of the once legal segregation of HBCUs. This chapter utilizes the case study method, which involves "an in-depth analysis of a case . . . bounded by time and activity" (Creswell, 2014, p. 14). Case studies allow the researcher to collect and examine different types of data in order to understand the various aspects of a case. The study will focus specifically on issues of race and is guided by two theoretical frameworks: critical race theory (CRT) to understand racism and oppression, and critical policy analysis (CPA) to examine the impact of POBF systems. This study includes two forms of data: public documents and electronic media, which were acquired from multiple online sources. CPA is used to specifically examine data such as annual POBF allocations, the state of Florida's 10 POBF metrics, the State University System's (SUS) goals for student and faculty diversity, the Board of Governors' (BOG's) meeting minutes, and BOG member statements to the media.

CRT provides a lens to view systems of power and privilege. It acknowledges and prioritizes the reality of racism as an inherent, indigenous norm in the U.S. Critical race theorists "adopt a stance that presumes that racism has contributed to all contemporary manifestations of group advantage[s] and

disadvantage[s]" (Dixson & Rousseau, 2005, p. 33). Critical race scholars center the experiences and counterstories of people of color in policy creation and evaluation (Buras, 2013; Covarrubias & Verónica, 2013). When researching a policy, critical "Scholars are interested in understanding how it emerged, what problems it was intended to solve, how it changed and developed over time, and its role in reinforcing the dominant culture" (Diem et al., 2014, p. 1072) Critical scholars challenge the notion that numbers "speak for themselves," and advocate for the prioritization of experiences and voices (Covarrubias & Verónica, 2013). Specific to higher education, Patton has offered three propositions. They are as follows:

> Proposition 1: The establishment of U.S. higher education is deeply rooted in racism/White supremacy, the vestiges of which remain palatable. Proposition 2: The functioning of U.S. higher education is intricately linked to imperialistic and capitalistic efforts that fuel the intersections of race, property, and oppression. Proposition 3: U.S. higher education institutions serve as venues through which formal knowledge production rooted in racism/White supremacy is generated. (Patton, 2016)

CPA provides a model for understanding the creation, evolution, and impact of this policy. It is most concerned with how policy impacts the distribution of power (Diem et al., 2014). For example, "Researchers ask questions such as: Does Policy X somehow reinforce or reproduce social injustices and inequalities?" (Diem et al., 2014, p. 1072). Critical policy studies emphasizes the "tools and processes" employed by the policy, and how those mechanisms impact "relationships of inequality and privilege" (Diem et al., 2014, p. 1072). In addition to the distribution of power, CPA seeks to understand how policies impact the distribution of resources (Diem et al., 2014). Critical policy researchers ask questions such as "'Who benefits?,' 'Who loses?,' 'How do low-income and minoritized students fare as a result of the policy?'," as well as "Does Policy X somehow reinforce or reproduce social injustices and inequalities?" (Chase et al., 2014; Diem et al., 2014).

Legally Enforced Segregation of HBCUs

De Facto and De Jure Segregation

Across the country, and especially in the South, states maintained strict separation of the races even after the Emancipation Proclamation. Before then, only Northern abolitionists and missionaries provided limited

access to educational opportunities for African-Americans. By the Civil War, only two dozen African-Americans had earned college degrees in the U.S., even though there were nearly half a million free Blacks at the time. The federal government adopted a laissez-faire national stance on segregation in education. The U.S. government reasoned that education was a function of the states, permitting each one to set their own agenda. Consequently, legislatures across the South set forth enacting laws enforcing de jure segregation (Minor, 2008). Florida first passed laws segregating schools in 1884 (*Jim Crow Laws: Florida*, 2011). The Second Morrill Land Grant Act of 1890 threatened to rescind funding from states that excluded Blacks from higher education, unless each state established a separate institution for Black students. (Lee & Keys, 2013b). In 1896, the *Plessy v. Ferguson* ruling officially legitimized the concept of de jure "separate but equal" facilities (Brown, 1999). Bolstered by the Morrill funding and the Plessy ruling, states set forth cementing two separate public higher education systems: one for White students and one for Blacks.

From their inception, HBCUs have been underfunded by state governments. HBCUs arose from the ashes and ruins of the Civil War with the unique purpose of educating newly freed Black men and women. Originally founded as the State Normal College for Colored Students in 1887, Florida Agricultural and Mechanical College for Negroes (FAMC) was established in 1905 after being recognized as an institution of higher education four years prior (Johnson et al., 2007). Like many HBCUs operating under de jure segregation across the country, FAMU was separate and unequal to its predominantly White peers in the state. In 1920, both of Florida's land grant institutions—FAMC and the University of Florida (UF)—received $25,000 under the Morrill Act. But, while FAMC received only $25,937, UF received $146,000—almost six times the Black college's allocation (Johnson et al., 2007). In spite of this underfunding, however, FAMC grew to 48 buildings, 396 acres, 812 students, and 122 staff members by 1944 (FAMU, 2016). In 1945, both land grants received $25,000 in federal land grant money (Johnson et al., 2007). However, UF's state appropriation had grown exponentially to $1,035,000, while FAMC's was only $201,097 (Johnson et al., 2007). Despite the egregious shortchanging, FAMC's student enrollment grew to more than 2,000 by 1949 (FAMU, 2016). That year marked the beginning of the long battle for desegregation of Florida's PWIs.

There has been a long and laborious fight to eliminate segregation in Florida's higher education system. The National Association for the

Advancement of Colored People (NAACP) Legal Defense Fund began a targeted litigation plan to fight racial segregation in graduate and professional education programs in the 1930s. The leadership correctly believed that this fight would be less contested than a fight to integrate K-12 schools or undergraduate programs. The Legal Defense Fund won cases using this strategy in states across the country, including Maryland in 1936; Missouri and West Virginia in 1938; Delaware and Oklahoma in 1948; Kentucky in 1949; Louisiana, Texas, and Virginia in 1950; North Carolina in 1951; and Tennessee in 1952. Despite these victories, Florida fought mercilessly to maintain its segregated system (Johnson et al., 2007). In 1949, five Black students applied to the University of Florida Law School (Johnson et al., 2007). After being rejected, they filed suit in the Florida Supreme Court. One student continued the fight for integration, filing multiple suits over 10 years; nevertheless, the state board found various reasons and methods to keep him from being admitted. They unsuccessfully questioned his qualification for admission, offered to pay for the cost of his attendance at a law school in a different state, and argued that segregation was the law of the land. After these failed attempts to keep Black students out, the board even authorized a law school at FAMC within the same year (Johnson et al., 2007). Yet, although it was authorized "on paper" in 1949, the law school could not actually enroll students for several years because it had no funding, faculty, nor state support (Johnson et al., 2007). Like many states across the South, the state of Florida relied on *Plessy*'s "separate but equal" standard to enforce de jure segregation, which the ruling legitimized for almost 60 years.

Desegregation Cases That Acted as Legal Interventions to Help Create Equality

Florida's Brazen Disregard of the Brown *Ruling*

In 1954, the Supreme Court ruled *Plessy*'s "separate but equal" doctrine unconstitutional, presumably providing the leverage to ensure Black students' admission to White higher education institutions. The *Brown v. Board* case mandated states to desegregate with all deliberate speed, but did not set a timeline or consequences for failing to do so. In Florida, 85 African-American students were denied admission to UF between 1948 and 1956, when the Supreme Court ordered UF to admit the

embattled students. However, in open rebellion to *Brown*, the University of Florida Law School did not admit its first Black student until 1958 (Johnson et al., 2007). This was not Florida's boldest snub to *Brown*. In 1957, the state board had authorized the creation of an entire community college system to be segregated by race, with the majority of campuses designated for Whites (Johnson et al., 2007). When Black students applied for admission, the state's remedy was to authorize a Black community college nearby. The state board continued to rebuff *Brown*, opening a new Whites-only university in 1960. It was not until the passage of Title IV of the Civil Rights Act of 1964 that the federal government gained enough leverage to enforce desegregation in the states. The federal government could now intervene by levying sanctions, withholding funds, and pursuing legal action. Backed into a corner, the state of Florida was forced to desegregate, but did so with vindictive jabs at Black students along the way. The state's Black institutions bore the brunt of this bitterness. Between 1965 and 1971, the board rapidly closed all of the Black junior colleges, the FAMC Law School, and the FAMC hospital.

The Quest for Equity Through the Lengthy Adams Case

In 1969, the federal Department of Health, Education and Welfare (HEW) concluded that 10 states—Arkansas, Florida, Georgia, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, Pennsylvania, and Virginia—were operating dual systems of higher education. The HEW issued letters to each state requesting plans outlining the state's strategies for desegregation. The HEW did little to enforce the mandate. While five states submitted plans, another five, including Florida, ignored the requests altogether. Despite this insurgence, the HEW still did not use the new powers awarded by the Civil Rights Act. In response, the NAACP Legal Defense Fund filed a class action suit in the U.S. District Court for the District of Columbia in 1970. Known as the Adams Case, litigation would eventually include 19 states. Over the next 20 years, the courts ordered the HEW to establish the criteria for an acceptable plan, and require desegregation plans from each of the states. The HEW criteria were not vague about the importance and longevity of HBCUs in each of the states. Specifically,

> It required that desegregation plans include measures to insure that Black colleges became equal institutions in the unitary system. More specifically, in

> order to have an acceptable plan, states would have to demonstrate (1) a commitment to necessary improvements to allow historically Black colleges to fulfill their academic missions, and (2) illustration by the state that Black colleges were funded at the same level as historically White institutions with similar missions (Federal Register, Volume 43, No. 32, February 15, 1978, pp. 6658–6664). (Brown, 1999, p. 26)

It was not until 1978 that Florida produced an acceptable plan, which expired in 1985 as the Adams Case dragged on. In 1989, the Department of Education maintained monitoring of the states at the center of the case and issued recommendations to Florida. After a dismissal and reversal upon appeal, the Adams Case met its final end in 1990 when the Supreme Court ruled that private citizens did not have the right to bring suit against the federal government. In effect, this ruling ended years of federal oversight and intervention. The monitoring of Title VI desegregation compliance was left to the states, where some litigation continued.

Modern-Day Reparations for De Jure Segregation

It is important to understand that de jure segregation does not merely entail the legal separation of the races. Since the Civil Rights era, the U.S. Supreme Court has ruled that the unjust but legal subjugation of one race is also de jure segregation. In 1992, *United States v. Fordice* established that duplication of programs already offered at HBCUs qualified as the operation of two separate systems of higher education: "The Fordice decision held that race-neutral policies alone did not constitute the dismantling of a dual system of collegiate segregation" (Brown, 2001). The Fordice decision found that "until it eradicates policies and practices traceable to its prior de jure dual system that continues to foster segregation," a state is not fulfilling its constitutional duty to desegregate (*United States v. Fordice*, n.d.). The ruling affirmed the constitutionality of HBCUs' mission to serve Black students, upheld the states' legal responsibility to support the institutions in doing so, and set a precedent for other cases.

The more recent rulings on segregation in higher education and remunerations to HBCUs provide an interesting case study on reparations. When the Fordice case was finally settled in 2002, all three HBCUs in Mississippi were awarded a sum of $503 million (Sum et al., 2004). In Alabama, the court awarded more than $200 million and suggested that "increasing the institutional endowments, establishing new academic

programs, funding capital construction projects, and instituting other-race scholarships at Alabama's two historically Black institutions would move the state closer to compliance with the collegiate desegregation mandate" (Brown,1999). In Tennessee, the state's flagship PWI opened a Nashville campus, duplicating programs of the state's HBCU in the same city. In 2001, the public HBCU was awarded $75 million and authority over the PWI's Nashville campus and all associated programs. State HBCUs in Maryland are currently seeking remediation for the unfair duplication of programs at nearby PWIs. The timeline in Table 3.1 chronicles the Adams case and other pivotal cases and events impacting higher education segregation in Florida and across the nation.

Twenty-First Century Obstacles to HBCU Advancement, Affirmative Action, and Affordability

The late twentieth century was marked by much growth and advancement for FAMU, including the creation of the university's first doctoral program, multiple schools, disciplines, and graduate programs. New facilities were built to house these academic programs, the improved athletics program, and the growing number of students. Additionally, the university's enrollment more than doubled, increasing both the quantity and quality of students. In 1992, 1995, and 1997, FAMU enrolled more National Achievement finalists (a scholarship program for Black students administered by the National Merit Scholarship Corporation) than Harvard, Yale, and Stanford. In 1999, the university produced more Black baccalaureate graduates than any college in the country.

While FAMU surged ahead, the state took a major step backwards in its path toward the desegregation of higher education. In 1999, the governor of Florida announced his plan to abolish affirmative action policies based on race. The One Florida plan used other indicators like socioeconomic status, disability, geography, and first-generation status (Powers & Zaragoza, 2010). Enrollment data show that One Florida seems to have had a negative impact on Black student enrollment. Though the overall high school graduation rate increased by 38.6% and the Black student graduation rate increased by 37% (Powers & Zaragoza, 2010), in the 10 years after the One Florida plan, overall freshmen enrollment only increased 25.4%, and Black college freshmen enrollment increased by a meager 7% (Powers & Zaragoza, 2010). Furthermore, from 1999 to 2008, the Black college student enrollment rate actually dropped from 17.5% to 14.9% (Powers & Zaragoza, 2010). FAMU was

Table 3.1 Timeline of Critical Desegregation Cases and Other Key Events Impacting Higher Education for Blacks

Key national dates		*Key Florida dates*	
First Morrill Land Grant Act. Federal government grants land to states to sell or use for the establishment of colleges focused on industrial and agricultural education.	1862		
		1887	State Normal College for Colored Students founded in Tallahassee, FL.
2nd Morrill Land Grant Act. Mandated states to admit students of all races or establish at least one land-grant college for students of color, establishing 19 public HBCUs. In total, about 64 Black colleges are now enrolling students.	1890		
Plessy v. Ferguson. U.S. Supreme Couth rules separate public facilities for the races do not violate the Fourteenth Amendment's equal protection clause so long as they are equal.	1896		
		1905	Florida governor consolidates the six White schools into University of Florida, open to White men only, and the Florida State College for Women, open only to White women.
		1909	The State Normal College for Colored Students is changed to FAMC to reflect new baccalaureate programs.
		1910	FAMC awards first bachelor degrees.

(*continued*)

Table 3.1 (continued)

Key national dates		*Key Florida dates*	
Sipuel v. Board of Regents of University of Oklahoma. The U.S. Supreme Court rules states must provide education options for Black students as soon as it is provided to White students.	1948		
		1949	*State ex rel. Hawkins v. Board of Control of Florida et al.* Virgil Darnell Hawkins files the first of six petitions to attend University of Florida's law school. In response, the state authorizes a law school at FAMC.
Sweatt v. Painter. U.S. Supreme Court rules states must provide equal and comparable facilities for Black schools.	1950		
MacLaurin v. Oklahoma State Regents. The U.S. Supreme Court mandates that White institutions provide the same treatment to Black students as White students.	1950		
		1953	FAMC is elevated to university status, becoming FAMU.
Brown v. Board of Education of Topeka, Kansas. The U.S. Supreme Court rules that racial segregation in schools violates the 14th amendment, making "separate but equal" unconstitutional.	1954		

(*continued*)

Table 3.1 (continued)

Key national dates		*Key Florida dates*	
		1956	*Florida ex rel. Hawkins v. Board of Control.* The University of Florida College of Law is ordered to admit Virgil Darnell Hawkins. The first Black student does not enroll for another two years.
		1957	Despite the *Brown* ruling, the Florida state board of education establishes 13 segregated community colleges; 12 of the colleges have separate facilities and names for the Black institutions.
		1960	Still rebuffing *Brown*, the state establishes a Whites only university in Tampa, University of South Florida.
Title IV of the Civil Rights Act of 1964 gives the federal government authority to intervene in segregationist states by levying sanctions, withholding fines, and pursuing legal action.	1964	1964	
		1964	After *Brown*, the state board votes to close all of the Black community colleges, the last of which shuts down in 1966.
		1965	Still bristling from *Brown*, the state board votes to close the FAMC Law School.
		1965	The first Black student graduates from UF Law School.
		1968	The last class of the FAMU Law School graduates.

(*continued*)

Table 3.1 (continued)

Key national dates		*Key Florida dates*	
		1969	10 states, including Florida, are found to be operating separate systems of higher education and are mandated to submit desegregation plans. Florida does not submit a plan for almost 10 years.
		1971	The state board closes FAMU Hospital.
Adams v. Richardson. The U.S. Supreme Court orders the Department of Health, Education and Warfare to enforce the law of desegregation.	1973		
Adams v. Califano found that Florida and five other states had not achieved desegregation or submitted acceptable desegregation plans.	1977		
		1978	Florida produces an acceptable desegregation plan to the HEW.
		1984	FAMU opens first doctoral program.
		1985	Florida's desegregation plan expires.
Judge Pratt dismisses the Adams Case.	1987		
DOE monitors states and recommends Florida follow steps that had been outlined for other states.	1989	1989	DOE monitors states and recommends Florida follow steps that had been outlined for other states.
Judge Ruth Bader Ginsburg reverses Adams dismissal.	1989		
United States v. Fordice decision in Mississippi ruled race-neutral policies alone are not sufficient proof that a state has stopped perpetuating a segregated system of higher education.	1992	2000	Governor Jeb Bush establishes law schools at FAMU and FIU.

(*continued*)

Table 3.1 (continued)

Key national dates		*Key Florida dates*	
Tennessee State awarded $75 million and authority over University of Tennessee' Nashville campus and all associated programs. Three HBCUs in the Mississippi Fordice case are awarded a sum of $503 million.	2001–2002	2001	Governor Jeb Bush establishes the One Florida plan, abolishing affirmative action policies based on race and using other indicators like socioeconomic status, disability, geography, and first-generation status.
Congress cuts Pell Grant funding eligibility from 18 semesters of coverage to only 12, and the U.S. Department of Education redefines Parent PLUS loan standards.	2011	2010,	Between 2010 and 2012, the state of Florida refuses to provide $11,571,364 of matching funding for FAMU's federal land-grant research and extension funding.
		2011,	Combined with other changes, FAMU suffered an astounding 10.6% decrease in enrollment in one year, from Fall 2010 to Fall 2011.
		2012	The Board of Governors begins developing a POBF system for all public, four-year institutions.
		2012	569 FAMU students denied Parent Plus Loans as a result of changes to eligibility. In total, HBCUs lost an estimated $168 million as a result of the 14,616 students who could not enroll or continue.
Court finds in favor of state HBCUs in Maryland, ruling against the duplication of programs at nearby PWIs.	2013	2015	FAMU receives all of its base funding, but is not awarded any new POBF.

not immune to these declines, with student enrollment decreasing roughly 9% and undermining the advancements made within the two preceding decades.

In addition to compromising progress at FAMU and abolishing affirmative action across the state, Florida substantially cut higher education

funding. Between 2007 and 2012, funding decreased 22%, even as overall student enrollment increased (Orozco, 2012). Funding per full-time student also decreased 40% between 2006 and 2009. On top of decreasing state allotments, Florida was one of many state governments to jeopardize HBCUs' federal land-grant research and extension funding. From 2010 to 2012, 61% of 1890 land-grant institutions did not receive full matching funds from their respective states (Lee & Keys, 2013b). This critical funding is allotted by the federal government for extension and research funding, with the caveat that 100% must be matched one-to-one by each recipient's respective state. In many cases, the institutions must return federal funds if they are not matched by states. From 2010 to 2012, all states met the matching requirement for land-grant PWIs; however, during that same time period, Florida withheld 11,571,364 *of match funding from HBCUs. In fact, HBCUs lost a total of* 57 million in rightfully owed income due to states' failures to meet the one-to-one match requirement (Lee & Keys, 2013b).

At HBCUs, funding cuts have dire implications for students. Between 1990 and 2010, the average tuition at four-year institutions in Florida increased by 55%. This inflation was exacerbated by changes to federal student aid. In 2011, Congress cut Pell Grant funding eligibility from 18 semesters of coverage to only 12, and the U.S. Department of Education redefined Parent PLUS loan standards. HBCUs across the nation immediately felt the sting. After facing cuts to Pell amounts and the elimination of summer Pell, 14,616 HBCU students learned that their parents' or guardians' loan applications for Fall 2012 expenses had been rejected (Lee & Keys, 2013a). In all, PLUS Loan changes resulted in a crippling loss of approximately $168 million to HBCUs as a result of students who could neither afford to start nor continue their college educations (Lee & Keys, 2013a). In Florida, FAMU suffered an astounding 10.6% decrease in enrollment in one year alone (Rivard, 2014). To add insult to injury, the state of Florida enacted a new funding system that now attempts to award affordability.

Performance-Based Funding Inequities and Implications

The Creation and Implementation of Florida's POBF System

The era of public funding tied to student enrollment has passed. In the decades that followed, states have increasingly adopted accountability

funding systems based on quantifiable student and university outcomes. The most recent and most popular iteration of accountability policies is POBF, which sets rigid metrics and measurement systems with little input from university leaders.

Florida began creating its current POBF system in 2012. The system is administered by the State Board of Governors (BOG). Florida awards a portion of base funding and all new funding using the POBF system. Each year, the legislature calculates the prorated amount of each university's "base" funding, which is determined by the POBF model. All new funding is allocated through the POBF system. Together, this is roughly 10% of each university's overall budget. The POBF system has 10 metrics, seven of which are universal to all 11 schools in the SUS. (The eighth metric measuring graduate degrees does not apply to New College of Florida, which does not have graduate programs. The ninth metric is chosen by each university's Board of Trustees, and the tenth is chosen by the BOG.) In 2014, universities could gain up to five points for each metric. Institutions that did not score at least 26 points could not receive new funding in that year, and could lose a portion of their base funds for the following year (Florida Board of Governors, 2016b). Regardless of their scores, institutions could not receive any new funding if they were in the bottom three lowest scoring institutions. Interestingly, points can be awarded for excellence (achieving the set benchmark) or improvement (percentage of growth from the previous year) (Florida Board of Governors, 2016a).

Florida's first POBF allocations were made in 2014, and were based on their performance during the 2013–2014 academic year. With 29 points, the state's only public HBCU, FAMU, stayed out of the bottom three. FAMU garnered $10.8 million, while the four universities at the top of the ranking system received upwards of $30 million. And, although FAMU scored the requisite minimum of 26 points the following year, the university landed in the bottom three, making it ineligible for new funds, and putting a portion of its base funding in jeopardy. Thankfully, in 2016, the university narrowly avoided being in the bottom three again. Unfortunately, FAMU's allotment was less than one-third of each of the three top earning institutions. Table 3.2 illustrates the allocations for 2014.

To further determine whether the policy recreates de jure segregation, it is necessary to study its creation and implementation through a critical

lens. When creating the policy, the BOG established four guiding principles on which the POBF model is centered:

1. Use metrics that align with Strategic Plan goals
2. Reward excellence and improvement
3. Have a few clear, simple metrics
4. Acknowledge the unique mission of the different institutions (Florida Board of Governors, 2016a).

Florida's POBF policy is a one-size-fits-all design into which each of the 11 institutions must fit, no matter their institutional realities. As the policy states:

> This is a system model that measures system performance. In order to determine the health of the SUS as a whole, our highest achieving universities must be a part of the model. They help set the standards for excellence—standards which we believe are also attainable by other universities. (Florida Board of Governors, 2016a)

These "highest achieving" universities—UF and Florida State University—were both once segregated, and have historically marginalized students of color. The long struggle to integrate UF is chronicled in Table 3.1. As seen in Table 3.2, UF and Florida State currently enroll only 37% and 31% students of color, respectively. And yet, according to census data from 2015, only 55.3% of Floridians identify as "White alone, not Hispanic or Latino," with the remaining 45.7% identifying as people of color of one or more races and ethnicities (Census, 2015). It is no coincidence that the two aforementioned universities are also the most well endowed. By including them in the model as exemplars, this policy ignores the impact of racism and privilege on their trajectory, and the trajectory of other PWIs in the SUS. Research shows that HBCUs have more difficulty than PWIs raising endowment funds (Hale, 2007). Though FAMU is the second oldest university, its endowment is smaller than seven younger institutions. The University of South Florida, which was illegally opened as a segregated institution after the *Brown v. Board* mandate to desegregate, has an endowment more than four times the size of FAMU's. Though the impact of this history is undeniable, it was not accounted for in the creation of the policy.

Table 3.2 2014 Performance Funding Allocations for Florida State University System Institutions

Institution	*2014 POBF allocation ($)*	*Undergraduate enrollment in 2013 – 2014*	*% students of color in 2013 – 2014*	*Per student POBF allocation, 2013–2014 ($)*	*University endowment assets, 2013-2014 ($)*
Florida A&M University (FAMU)	9,143,774	7,652	96	$1,417.22	80,071,496
Florida International University (FIU)	21,016,392	35,527	84	711.49	234,364,817
Florida Gulf Coast University (FGCU)	5,441,443	12,164	30	488.01	54,275,447
Florida State University (FSU)	31,742,394	30,276	31	695.76	548,094,856
University of Central Florida (UCF)	25,711,178	49,455	42	442.43	133,827,336
University of Florida (UF)	34,652,186	32,375	37	851.28	1,360,073,000
University of North Florida (UNF)	7,442,309	14,008	28	525.48	84,181,773
University of South Florida System (USF)	26,104,180	36,012	39	618.50	348,485,707
Florida Atlantic University (FAU)	0	24,687	50	0	192,604,872
New College of Florida (NCF)	0	794	24	0	
University of West Florida (UWF)	0	9,755	30	0	55,754,342
	161,253,846 total 14,659,441 average	217,469 total	45 average	552.74 average	2,843,374,432 total

While there is some recognition of the universities' different purposes in the fourth principle, this impacts only one of the 10 metrics employed by the model, and does not account for the different needs of students across the SUS. As the policy states, "At each Board meeting there has been discussion and updates provided on the status of developing the model. Discussions have been held with universities through phone calls and face-to-face meetings" (Florida Board of Governors, 2016a). There was no explicit effort to ensure the conversations were inclusive of students or administrators of color, specifically those from FAMU who can speak to the institution's distinct needs as an HBCU. Without the genuine inclusion of HBCUs, POBF formulation processes perpetuate de jure segregation and reinforce the state's dominance over people of color (Diem et al., 2014).

In addition to including the perspectives of administrators, faculty, and staff who are people of color, there must be people of color on the BOG itself. The BOG is a 17-seat board. Of its 16 members in 2014, only two were perceivably people of color. This includes the position set aside for the president of the Florida Student Association, which is only held for one year (Florida Board of Governors, 2014). A board that is not diverse is not reflective of the students or the universities in Florida's SUS. Specifically, given the fact that one of the 11 institutions is an HBCU, it would be equitable and reasonable to include at least one HBCU graduate, scholar, or advocate on the 17-person board. Allowing an overwhelmingly White board to exert its decision-making power over people of color and the universities that serve them does not foster equity. Thus, as in earlier times, FAMU remains segregated from and subjugated within the decision-making process.

POBF's Metrics and Measurements

The POBF metrics themselves contribute to the ongoing segregation and subjugation of FAMU. Table 3.3 illustrates the performance metrics used to allocate funding in 2014 based on performance during the 2013–2014 academic year. The first two metrics concern graduates' employment and earnings after they have completed their studies at their undergraduate institution: "1. Percentage of Bachelor's Graduates Employed and/or Continuing Their Education" and "2. Median Wages of Bachelor's Graduates Employed Full-time in Florida" (Florida Board of Governors, 2016b). The inclusion of these metrics does not account for the impact of

Table 3.3 Florida's 2014 POBF Metrics and Measurements

Performance-Based Funding Model for 2014	
Metric	*Definition*
Metrics common to all universities	
1. Percentage of Bachelor's Graduates Employed and/or Continuing their Education	This metric is based on the percentage of a graduating class of bachelor's degree recipients who are employed full-time in Florida or are continuing their education elsewhere in the USA. Students who do not have valid social security numbers are excluded. Note: Board staff have been in discussions with the Department of Economic Opportunity staff about the possibility of adding non-Florida employment data (from Wage Record Interchange System (WRIS2) to this metric for future evaluation. *Sources: State University Database System, Florida Education & Training Placement Information Program, National Student Clearinghouse*).
2. Median Wages of Bachelor's Graduates Employed Full-time in Florida One Year After Graduation	This metric is based on annualized Unemployment Insurance (UI) wage data from the fourth fiscal quarter after graduation for bachelor's recipients. UI wage data does not include individuals who are self-employed, employed out of state, employed by the military or federal government, those without a valid social security number, or those making less than minimum wage. *Sources: State University Database System, Florida Education & Training Placement Information Program, National Student Clearinghouse.*
3. Average Cost per Bachelor's Degree Instructional Costs to the University	For each of the last four years of data, the annual total undergraduate instructional expenditures were divided by the total fundable student credit hours to create a cost per credit hour for each year. This cost per credit hour was then multiplied by 30 credit hours to derive an average annual cost. The average annual cost for each of the four years was summed to provide an average cost per degree for a baccalaureate degree that requires 120 credit hours. *Sources: State University Database System, Expenditure Analysis: Report IV (2009–10 through 2012–13).*

(*continued*)

Table 3.3 (continued)

Performance-Based Funding Model for 2014	
Metric	*Definition*
4. Six-Year Graduation Rate (Full-Time and Part-Time FTIC)	This metric is based on the percentage of first-time-in-college (FTIC) students who started in the fall (or summer continuing to fall) term and graduated from the same institution within six years. Students of degree programs longer than four years (e.g., PharmD) are included in the cohorts. Students who are active duty military are not included in the data. *Source: State University Database System.*
5. Academic Progress Rate (2nd Year Retention with GPA Above 2.0)	This metric is based on the percentage of FTIC students who started in the fall (or summer continuing to fall) term and were enrolled full-time in their first semester and were still enrolled in the same institution during the fall term following their first year with a grade point average (GPA) of at least 2.0 at the end of their first year (fall, spring, summer). *Source: State University Database System.*
6. Bachelor's Degrees Awarded in Areas of Strategic Emphasis	This metric is based on the number of baccalaureate degrees awarded within the programs designated by the Board of Governors as "Programs of Strategic Emphasis." A student who has multiple majors in the subset of targeted Classification of Instruction Program codes will be counted twice (i.e., double majors are included). *Source: State University Database System.*
7. University Access Rate (Percentage of Undergraduates with a Pell Grant)	This metric is based the number of undergraduates, enrolled during the fall term who received a Pell Grant during the fall term. Unclassified students, who are not eligible for Pell Grants, were excluded from this metric. *Source: State University Database System.*
8a. Graduate Degrees Awarded in Areas of Strategic Emphasis (Includes STEM)	This metric is based on the number of graduate degrees awarded within the programs designated by the Board of Governors as "Programs of Strategic Emphasis." A student who has multiple majors in the subset of targeted Classification of Instruction Program codes will be counted twice (i.e., double majors are included). *Source: State University Database System.*

(*continued*)

Table 3.3 (continued)

Performance-Based Funding Model for 2014	
Metric	*Definition*
Institution-specific metrics selected by the Board of Governors	
9a. Percentage of Bachelor's Degrees Without Excess Hours (Applies to: FAMU, FAU, FIU, FGCU, UCF, UNF, USF, and UWF)	This metric is based on the percentage of baccalaureate degrees awarded within 110% of the credit hours required for a degree based on the Board of Governors' Academic Program Inventory. Note: It is important to note that the statutory provisions of the "Excess Hour Surcharge" (1009.286, FS) have been modified several times by the Florida Legislature, resulting in a phased-in approach that has created three different cohorts of students with different requirements. The performance funding metric data is based on the latest statutory requirements that mandate 110% of required hours as the threshold. In accordance with statute, this metric excludes the following types of student credits (i.e., accelerated mechanisms, remedial coursework, non-native credit hours that are not used toward the degree, non-native credit hours from failed, incomplete, withdrawn, or repeated courses, credit hours from internship programs, up to 10 foreign-language credit hours for transfer students in Florida, and credit hours earned in military science courses that are part of the Reserve Officers' Training Corps program). *Source: State University Database System.*
Institution-specific metrics selected by each university's Board of Trustees	
10a. Percentage of R&D Expenditures Funded from External Sources Applies to: FAMU	This metric reports the amount of research expenditures funded via federal, private industry, and other (nonstate and noninstitutional) sources. *Source: National Science Foundation Annual Survey of Higher Education Research and Development.*
10b. Bachelor's Degrees Awarded to Minorities (Applies to: FAU, FGCU, and FIU)	This metric is the number, or percentage, of baccalaureate degrees granted in an academic year to non-Hispanic Black and Hispanic students. This metric does not include students classified as Non-Resident Aliens or students with a missing race code. *Source: State University Database System.*

racism in hiring and compensation practices across multiple fields. Additionally, the model completely ignores how racism may impact the personal views of hiring managers as well as the corporate practices of degree valuation. FAMU students are left particularly vulnerable to the racism exhibited toward the institution and its individual students. The gender pay gap, as well as gaps in pay by race, are well documented. Recent studies have shown that Black men earn 73% of White men's wage earnings, a figure that has not changed since 1980 (Patten, 2016). Black women earn only 64% of White men's earnings, (Fisher, 2015). While some of this disparity can be attributed to differences in education, studies show that White men out-earn every other racial and gender demographic, even when holding constant for education (Patten, 2016).

While the first two metrics hold FAMU accountable for actions beyond the university's control after students have graduated, the next three metrics hold FAMU responsible for actions beyond their control before students are admitted. The third metric measures the "Average Cost per Bachelor's Degree Instructional Costs to the University" for undergraduate students (Florida Board of Governors, 2016b). This includes the operating expenses of colleges, schools, and departments, as well as compensation and costs for instruction and remedial education. For many HBCUs, the last expenditure is significant. According to Complete College America, "almost half [of African American students] enrolled at non-flagship, four-year institutions are placed into and enroll in at least one remedial course in their first academic year" (2016). The many HBCU students from low-income backgrounds are more susceptible to tuition hikes than those of many PWIs (Gasman & Epstein, 2006). The arguments are similar for Metric 4: "Six-Year Graduation Rate (Full-Time and Part-Time FTIC)," and Metric 5: "Academic Progress Rate (2nd Year Retention with GPA Above 2.0)" (Florida Board of Governors, 2016b). The six-year graduation rate marginalizes students who do not enter in the fall semester, "stop out" students, transfer students, part-time students, and others who do not fit into this precise measurement tool. The National Science Foundation (NSF) found that Black students are less likely to enroll full time than White and Asian students (NSF, National Center for Science and Engineering Statistics, 2013). The same students in need of developmental and remedial education often take longer to progress to the four-year degree. HBCUs gladly accept and educate these students, keeping tuition low and expectations high, knowing the increased costs they will bring to the institution. These metrics essentially punish FAMU for abiding by their historic mission of educating

Black students, a task their counterparts in the SUS do not do as frequently, or, in many cases, as well.

The next three metrics illustrate how measurement calculation can perpetuate de jure segregation. In the sixth and eighth metrics, which quantify the undergraduate and graduate degrees awarded in STEM areas of strategic emphasis, FAMU shines. Although they constitute only 3% of all colleges, HBCUs produce 27% of all African-American students with STEM bachelor's degrees. The NSF found that HBCUs are 21 of the top 50 institutions that educate the most African-American graduates who go on to receive doctorates in science and engineering (Fiegner & Proudfoot, 2013). FAMU ranks in the top 10 of all U.S. colleges for Black baccalaureate graduates who earn a PhD in the life sciences, physical sciences, and social sciences (Fiegner & Proudfoot, 2013). FAMU singlehandedly confers 9% of all STEM PhDs awarded by HBCUs (Upton & Tanenbaum, 2014). Given these data, it is jarring that FAMU received only three out of five points on the sixth metric, and two out of five points on the eighth metric. FAMU is again subjugated in the system for educating Black students. While the share of Black graduates in STEM has been on the rise since 1991, it has stagnated at under 10% after 2001 (National Center for Science and Engineering Statistics [NSF], 2013). Of Black students who entered four-year institutions as STEM majors in 2004, 36% switched to a different major, and 29.3% left higher education altogether (Chen, 2013). There is a similar discrepancy with the seventh metric: "University Access Rate (Percentage of Undergraduates with a Pell Grant)" (Florida Board of Governors, 2016b). With an extremely low threshold of 30% for the full five points, 10 of the 11 institutions in the system receive the full score. At 65% Pell, FAMU's access rate is more than twice the rate of UF and Florida State University, though all three receive the same score. Rather than being rewarded for willingly and capably serving Florida's underprivileged students, FAMU is shortchanged.

Conclusion

A Mission-Centered University Bound by a Money-Centered System

On the surface, POBF, like all accountability measures, is an attempt to measure and incentivize efficiency. However, a system cannot reward what it has not been designed to measure. With its 10 straightforward metrics,

Florida's POBF system seeks to measure the length of every university's efficiency. The HBCU impact is more akin to calculating volume, where true size can only be discovered when measuring width and height as well. In a 2010 study, Coupet and Barnum write:

> We found that, on the average, HBCUs were at least as efficient as their PWI counterparts, and possibly more efficient. Perhaps HBCUs are not systematically inefficient, but, on average, under-resourced. Organizational activity that appears to be inefficient might be better understood as organizational processes not sufficiently funded to keep up with the organizational mission, that is, five individuals employed in a financial aid office tasked with processing an overwhelming number of applications. Should our results be borne out by further empirical analyses, policy decisions made on the assumption that HBCUs are less efficient than PWIs would need to be reconsidered. (2010, p. 194)

Policymakers must first fully understand how HBCUs are functioning in order to judge their performance and outcomes. POBF models like Florida's trade the potential for equity for the risk of segregation when they do not consider influences like history, context, and student needs and demographics. A one-size-fits-all system of metrics and measurements functions as de jure segregation for HBCUs. Beyond mere separation, de jure segregation serves to further subjugation. By examining "who gets what, when, and how," it is clear that this policy advances "the creation of "winners and losers"" (Diem et al., 2014, p. 1072). Loser institutions do not garner funding, and are further penalized by a decrease in current funding. With only a minimal inclusion of race and no consideration of racism, the model intrinsically disenfranchises students of color and the institutions that serve them—in this case, FAMU. With reduced funding and support, the university is increasingly less equipped to serve the distinct needs of students of color. At FAMU, where a critical mass of students receives financial aid, this only perpetuates the problem.

The evidence provided in this case study is enough to suggest that Florida's POBF model perpetuates de jure segregation by ignoring the ways in which race and racism impact FAMU and its students.

Each ruling chronicled in Table 3.1upholds one common truth: Black students and institutions must receive educational resources in a similar manner and timeframe as White students and institutions, with similar

amenities and accommodations. Even after the federal *Brown* rule, the state of Florida brazenly opened segregated institutions. Though the Adams Case was disbanded at the federal level, multiple states had notable rulings, seeking and winning reparations for the continued financial suppression of each state's HBCUs. No such lawsuit has come about in Florida.

For nearly 130 years, FAMU has embraced and educated Florida's Black youth. This is FAMU's mission, revealed in the institution's motto: "Excellence with caring." As long as there is a need to educate Black students, there is a need for HBCUs. Nationally, the majority of HBCU students are low-income, Pell-eligible, and first-generation students (Mercer & Stedman, 2008). HBCUs must be adequately funded to ensure that such students receive the education they deserve. Unfortunately, the state of Florida's POBF system is similar to those in Arizona, Georgia, Iowa, Kansas, Kentucky, Louisiana, Michigan, Missouri, New Mexico, North Carolina, North Dakota, Oklahoma, Oregon, South Dakota, Utah, Washington, and Wyoming (Snyder, 2015). Many of the aforementioned states are home to HBCUs, and almost all are home to some form of Minority Serving Institution. Two things are clear: (1) The USA *needs* its HBCUs. The nation must add one million additional STEM professionals by 2022 to meet the demands of the workforce, and HBCUs do more than their fair share of preparing such professionals for the twenty-first century. A full 35% of Blacks who hold PhDs in STEM hold HBCU undergraduate degrees (Fiegner & Proudfoot, 2013). (2) Florida *needs* FAMU. Of all the colleges in the U.S., only one other institution produces more Blacks who earn PhDs in engineering (Upton & Tanenbaum, 2014). FAMU depends on the state for approximately half of its annual revenues, and it needs and deserves fair funding as well as a fair funding process from the state. The current POBF system places their financial future at risk. Rather than rewarding FAMU for its unique strengths with Black students, it instead subjugates the institution, potentially fostering a case for reparations in the future.

In 2016, it came to light that 272 African American slaves were sold to save the private, prestigious Georgetown University from financial ruin. In that same year, the institution boasted an endowment of over $1.5 billion. In addition to academic and symbolic actions, the university announced that it would offer preferred admissions to descendants of the slaves. This direct form of reparations is unprecedented.

However, as the higher education community and the country at large watch this saga unfold, one hopes for similar implications for the states and public universities that perpetuated our country's ugliest acts of racial discrimination.

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CHAPTER 4

Impacting the Whole Community: Two-Year Minority-Serving Institutions and Performance and Outcomes-Based Funding in Texas

Abstract This chapter includes an overview of POBF policies in Texas and discusses how these policies affect the distribution of state resources to two-year MSIs in the state. Texas uses the Student Success Points model for incorporating POBF into the community college instructional appropriation. In addition to examining the components of the Student Success Points model, the chapter includes an analysis of funding trends before and after POBF and of MSI and non-MSI's performance on each Student Success Points funding metric. The chapter concludes with recommendations for model design.

Keywords Minority-Serving Institutions · Finance · Equity · Hispanic-Serving Institution · Community College · Texas

Introduction

The student demographic profiles at public two-year colleges in Texas reflect the racial and ethnic communities they serve. As one of four majority-minority states in the country—where people of color outnumber the White population—Texas ranks second and third in the USA in the number of Latina/o and African-American residents, respectively (Murdock et al., 2014). Among students pursuing postsecondary education in Texas, Latina/o students represent the largest minority student population attending public two-year institutions, commensurate with

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national trends (Fry, 2011; Nuñez et al., 2015).[1] In addition to serving a student demographic that is representative of their local communities, two-year colleges both in Texas and across the states are valuable components of our nation's democracy and economy. As community college researchers have noted, the financial disparities that plague our country would be much more severe without the existence of two-year colleges to maintain a competitive workforce and sustain America's middle class (Mellow & Heelan, 2008).

Illustrative of the high proportion of minority students attending public two-year institutions, half of the 50 community college districts in Texas are MSIs, defined in the Higher Education Act as institutions that have received federal funds to serve certain racial/ethnic minorities and low-income students. Specifically, of the 25 community college districts in Texas with the MSI designation, all are HSIs. One district, the Houston Community College System, is also an AANAPISI.[2] These institutions play critical roles in providing postsecondary access and promoting degree attainment for the most disadvantaged students in the state, in addition to engaging and empowering students of color (Center for MSIs, 2015). In fact, community colleges in Texas enroll over half of the state's college students (compared to 45% nationwide) and award 37% of all college degrees in the state (THECB, 2016).

Nationally, MSIs have been underfunded (Center for MSIs, 2015), and Texas is one state that has a history of providing inequitable state support to some of these institutions. Indeed, a history of inadequate per-student funding for institutions along the US-Mexico border culminated in a 1987 lawsuit against Texas by the Mexican American Legal Defense and Educational Fund (MALDEF). MALDEF successfully argued that the state had significantly limited postsecondary opportunities for students living on and near the border by allocating only 10% of state funding for higher education to institutions located in the border area, when 20% of the state's population lived in that region (Ortegon, 2014).

Since the lawsuit, higher education funding in the borderlands has increased considerably (Kauffman, 2016). The adoption of a new, outcomes-based funding model for community colleges in 2013, however, has revitalized questions relating to equitable funding, particularly for public two-year community and junior colleges.[3] Higher education scholars (McKinney & Hagedorn, 2015) and observers (e.g., Helig, 2013) have begun to anticipate and monitor the effects of a funding

model that rewards student achievement metrics and educational milestones (e.g., course completion, graduation, and transfer) to institutions that serve some of the most vulnerable students in the state. The concerns associated with the new funding model in Texas (e.g., relating to potential unintended consequences, such as grade inflation or "creaming") mirror those pertaining to POBF in other states. Of particular concern are the impacts of the new funding model on MSIs, especially since these institutions serve large proportions of students of color, who have been historically underserved in higher education (Jones, 2014).

The purpose of this chapter is to examine trends in funding for minority-serving community college districts and how the new POBF model has affected state funding for community college districts that serve high levels of racial and ethnic minorities. This chapter begins by presenting a brief review of the literature on two-year MSIs and the impact of POBF models on community colleges in other states. We then briefly discuss our data sources and methods that led to our descriptive findings. The subsequent section presents an overview of funding for public two-year (i.e., community and junior) colleges in Texas and describes the newly implemented POBF model. Following this background, we delineate funding trends for community colleges in Texas and how these changed under POBF, focusing on MSIs. In addition to differentiating by MSI and non-MSI designation, we examine changes in POBF for institutions with varying levels of minority students, disaggregating by race and ethnicity. We conclude by discussing how the metrics that Texas uses to determine POBF allocations might impact higher education equity.

Theoretical Framework

The theoretical framework that will guide this study is Critical Policy Analysis (CPA), which centers on the equitability of the distribution of POBF at two-year MSIs and two-year non-MSIs in Texas. According to Henry et al. (2013), CPA aims to "investigate the ways in which key terms are used, and the extent to which particular policies and practices are consistent with our moral vision for education" (Henry et al., 2013, p. 19)." Specifically, CPA frames this chapter by contributing to the understanding of POBF policy in Texas and addressing ways that POBF is impacting higher education equity in Texas.

Review of Literature

Two-Year MSIs and POBF

Over one-fifth of community colleges nationwide qualify as MSIs (Center for MSIs, 2015), and there are 227 two-year MSIs located among the 32 states that have implemented POBF policies (Jones, 2014; National Conference of State Legislatures, 2016). MSIs include HBCUs, HSIs, TCUs, Alaska Native and Native Hawaiian-Serving Institutions (ANNHs), Native American-Serving Nontribal Institutions (NASNTIs), Predominately Black Institutions (PBIs), and AANAPISIs. To qualify as an MSI and receive federal funding, institutions must meet federal requirements that are specific to the MSI institutional types (e.g., 10–25% full-time enrollment of the target minority group and specified levels of low-income student enrollment).

Two-year MSIs are traditionally expected to accomplish more with less by serving more students with fewer resources and lower per-student expenditures on academic support and institutional resources for underserved students (Cunningham et al., 2014). POBF policies with a stronger emphasis on student outcomes could potentially place them at a greater disadvantage. Under POBF models, policymakers utilize performance metrics to determine a portion of each institution's (or system's) appropriation from state funds. Commonly used metrics include retention rates, course completions, graduation rates, and degrees awarded (National Conference of State Legislatures, 2016). In the two-year sector, metrics often comprise transfer rates to four-year institutions, certificates awarded, and associate degrees awarded. Because they rarely address minority students specifically (e.g., these students' enrollment or the services provided to support them), commonly used metrics do not adequately capture the performance of MSIs. Indeed, POBF experts stress that designers of POBF models should ensure that output metrics are responsive to input factors, like students' levels of academic preparation, and develop measures that are aligned with the unique missions of MSIs (Jones, 2014).

In recent years, state policymakers have increasingly incorporated metrics specific to improving access. For instance, some POBF models provide additional funding for colleges to enroll and graduate students from underrepresented backgrounds, including students of color, Pell Grant recipients, first-generation students, and adult students. The metrics for underrepresented students also aim to prevent POBF from disadvantaging colleges

such as MSIs that serve a larger proportion of students who require more support and resources to graduate. The development of such metrics has resulted in part from concerns over unintended consequences of POBF. Examples of unintended consequences include colleges decreasing the academic rigor of programs; reducing the number of requirements to graduate; and increasing selectivity, thus enrolling students with higher probabilities of graduating. Unintended consequences may disproportionally impact students attending MSIs and can be especially detrimental to colleges with an open-access mission (Lahr et al., 2014). As noted in a subsequent section, Texas's model does not incorporate metrics that directly reward institutions for serving underserved populations.

POBF Research on Community Colleges

As of 2013, at least 19 states employed POBF for community colleges (D'Amico et al., 2014). Despite POBF's lauded potential for improving completion rates, POBF models can also elicit unintended consequences, as previous experiences with variants of this funding method have shown. To contextualize our analysis, in this section, we summarize studies that examine the impact of POBF on community colleges. As described below, POBF has resulted in unintended consequences, such as potentially encouraging certificate completion in lieu of degrees, enforcing more accountability standards on faculty and staff, and "creaming" specific students in order to increase POBF.

Recent studies that examine how POBF affects student outcomes at community colleges have found POBF has a significant impact on the amount of short-term certificates—but not long-term certificates or associate degrees—awarded at community colleges (Hillman et al., 2015; Tandberg et al., 2014). In light of this evidence, POBF scholars have questioned whether community colleges are encouraging students to complete short-term certificate programs in order to secure more performance funds. This practice could result in inequitable outcomes, since short-term certificates tend to have a lower return on investment than long-term certificates and associate degrees (Dadgar and Trimble, 2015). These practices are especially dangerous for many first-generation college students, who are unfamiliar with the return on investment rates for college certificates versus college degrees.

This study is also informed by previous research that examined POBF in Washington State from the perspective of community college administrators, faculty, and staff, who discussed their campus experience, viewpoints, and

knowledge of Washington's POBF policy, the Student Achievement Initiative (SAI) (Li, 2016). The study revealed that college officials were well aware of the POBF policy and its effects on their own departments. However, several participants felt excluded from the policy design process and were uninterested in learning about it when it was first introduced. Some participants criticized the policy for being poorly designed and having a problematic data tracking system. Among community college officials, faculty members were identified as the group expressing the least support for the SAI and demonstrating the most resistance to accountability policies in general. This particular finding is critical, since faculty directly influence the academic experiences–and, ultimately, the success–of students.

The final study that is most relevant for this analysis consists of one that applied metrics from a POBF model to examine academic progress and educational outcomes among students enrolled at one of the largest community college districts in Texas (McKinney & Hagedorn, 2015). The authors also identified the students that generated the most and least POBF for the community college district. The results of this study revealed that the characteristics of students who generated the least POBF under the adopted model were male, African-American, age 20 and older, General Educational Development (GED) holders, and assigned to the lowest levels of developmental math. The students in the study who were identified for generating the most POBF were Asian, full-time, and Pell Grant recipients. The authors warned that POBF policy could pressure underfunded institutions such as community colleges to consider recruiting and targeting specific students in order to increase POBF allocations. These actions could hinder the college access and success of our nation's most disadvantaged students, whose only postsecondary opportunity is the community college.

Data and Methods

This descriptive analysis of funding allocations for MSIs under the state's new POBF model relies primarily on institution-level data from the Texas Higher Education Coordinating Board (THECB), the state's higher education agency. In particular, we downloaded data from this agency's Higher Education Accountability System (from txhighereddata.org). From here, we obtained annual data for the following categories of variables: (1) total fall headcount enrollment; (2) total enrollment by student subgroups, including racial/ethnic minorities; (3) total semester credit hours (SCHs); (4) tuition and fees; and (5) finances per FTE from various

sources, including from state appropriations. In addition, this repository of information contained data on individual institutions' performance on the various performance (i.e., success points) metrics included in the state's new POBF model for public community and junior colleges. We complemented these data on success points accumulated with a variable on success points funding earned by each institution. The data on success points funding are from the coordinating board's "Formula Funding" website. With the exception of the success points (which are only available starting in 2014), all variables are from 2000 through 2015.

In addition to these data, we consulted the list of accredited postsecondary minority institutions from the United States Department of Education (USDOE). We used this list to code two-year institutions in Texas as MSIs or non-MSIs.[4] To verify that our interpretations of the model and the data were accurate, we consulted with one official at the coordinating board.

Our analysis involved generating descriptive statistics of funding for MSIs and non-MSIs before and after POBF implementation. In addition to trends in state funding for MSIs and non-MSIs, we examined variability in funding across institutions before and after POBF. Turning to POBF specifically, we examined the amount of performance funds generated by MSIs as compared to non-MSIs. We also illuminated the effect of specific performance metrics on institutions by MSI status by comparing the funding for MSIs and non-MSIs that was tied to specific performance metrics. Finally, we examined the relationship between institutions' performance on each performance metric and various student demographic characteristics (e.g., proportions of minority students). Before presenting the findings from this descriptive analysis, the following section summarizes the context and recent history of funding for two-year institutions in Texas.

Public Community/Junior College Funding in Texas

Public two-year institutions—or community/junior colleges—are one of five types of public institutions in Texas, each subject to a different funding allocation model. The Texas Legislature appropriates funding to each of the 50 community college districts (rather than to individual institutions). The number of campuses in each district ranges from 1 (in most districts) to 7 (in the Dallas County Community College District). During each legislative session, the Texas Legislature distributes funding for the following two years (i.e., a biennium) since the legislature meets every other year.

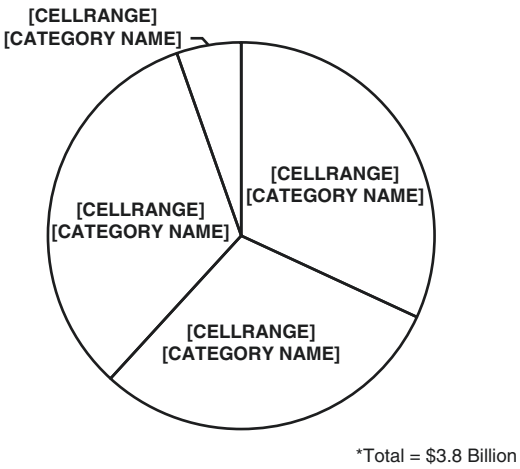

Fig. 4.1 Major Sources of Operating Revenue* for Community Colleges in Texas, FY 2011. *Source*: Legislative Budget Board 2013

Before the implementation of POBF in the 2014–2015 biennium, state allocations for community colleges were based on contact hours, weighted differentially by discipline. As illustrated in Fig. 4.1, in addition to state funds, public two-year institutions receive local tax and tuition and fee revenues.

In the past decade (between 2003 and 2013), annual state funding per FTE student has been comparable across MSIs and non-MSIs. The median annual state appropriations per FTE student across this time period is $2,790 at MSIs compared to $2,857 at non-MSIs. A two-sample *T*-test of the difference in per-FTE student funding from the state across MSIs and non-MSIs indicates that funding for the two groups is not significantly different. With this analysis of funding trends as background, we now turn to the POBF model and its effect on funding distributions for MSIs.

Student Success Points Program

In 2011, the Texas Legislature adopted House Bill 9, which directed the THECB to develop POBF models for public higher education institutions

in Texas in consultation with institutional representatives. The THECB and the Texas Association of Community Colleges (TACC), a group that represents and advocates for community colleges in Texas, formally proposed the recommended POBF model—titled the Student Success Points Program—to the legislature. The legislature adopted the new model in 2013 and first used it to determine allocations for public community/junior colleges during the 2014–2015 biennium.

Model Design

According to the TACC (2013), the Student Success Points program is modeled after Ewell's 2006 Milestone Events Model (Leinbach & Jenkins, 2008). This type of funding model accounts for students' distinct levels of college readiness upon enrolling in college. Rather than focusing exclusively on outcomes, it rewards student progress—including credit hour accumulation and developmental education course completion—toward a degree or certificate. Notably, the Student Success Points Model is a distribution model, which determines what share of the pie each institution receives (and not how large the pie should be).

Texas's POBF model applies to all public community/junior colleges and has three components: core operations, weighted contact hours, and success points. For core operations, each community college district receives $1 million per biennium ($500,000 per year). Thus, core operations funding does not vary across institutions and does not depend on any input- or output-related factors. Aside from core operations, 90% of formula funding is distributed based on contact hours weighted by discipline (for a total of $1.54 billion in 2014–2015). The remaining 10% ($172 million in 2014–2015) is allocated based on institutions' success points. Specifically, the Student Success Points model is based on the following metrics:

- developmental education in math, reading, and writing (with a premium for math);
- first college-level course passed in math, reading, and writing (with a premium for math);
- completion of 15 and 30 SCHs;
- degrees or certificates awarded (with a premium for critical fields); and
- transfers to a university after completion of 15 SCHs.

In 2013, the legislature determined funding for public community and junior colleges for the 2014–2015 biennium using the Student Success Points model (based on core operations, contact hours, and success points). Per-student funding for all public two-year institutions in Texas declined in the years leading up to the implementation of POBF in 2014, but increased under the new funding model. As illustrated in Table 4.1, MSIs received slightly lower median per-FTE student funding from the state prior to the implementation of POBF (both in the decade before POBF and in the two years leading up to the new policy). However, under the new model, they received a slightly higher rate per-FTE student ($3,061) compared to their non-MSI counterparts ($2,919). Thus, in the aggregate, MSIs fared slightly better than non-MSIs under POBF.

Figure 4.2 illustrates the variability in per-student funding for community colleges in Texas. Before POBF, there was a greater range in appropriations to individual institutions. Most of this variability is attributed to funding outliers in 2003 and 2006. Between 2003 and 2013, funding per FTE ranged from $4 (to Weatherford College in 2003) to over $300,000 (to South Texas College in 2003) before the implementation of POBF. In contrast, under POBF, there were fewer outliers, and funding ranged from $2,055 (at Blinn College) to $4,399 (at Howard County Junior College District). Although this method results in a more equal distribution, lower enrollment institutions, which do not benefit from economies of scale, may warrant additional funding. For example, institutions with declining enrollments still incur fixed costs, such as building maintenance costs that do not fluctuate with enrollment. Because these institutions could receive significantly reduced funding (depending on the scope of their enrollment declines), they might be disadvantaged under a more egalitarian distribution model. Future analyses should explore the effects of a more equal funding distribution on low-enrollment institutions.

Table 4.1 Median Per-Student Funding for Public Community/Junior Colleges from State Appropriations, by MSI Designation and POBF Operation

	All ($)	*MSI ($)*	*Non-MSI ($)*
Ten years before POBF (2003–2013)	2,815	2,790	2,857
Two years before POBF (2012–2013)	2,525	2,476	2,538
Under POBF (2014–2015)	2,955	3,061	2,919

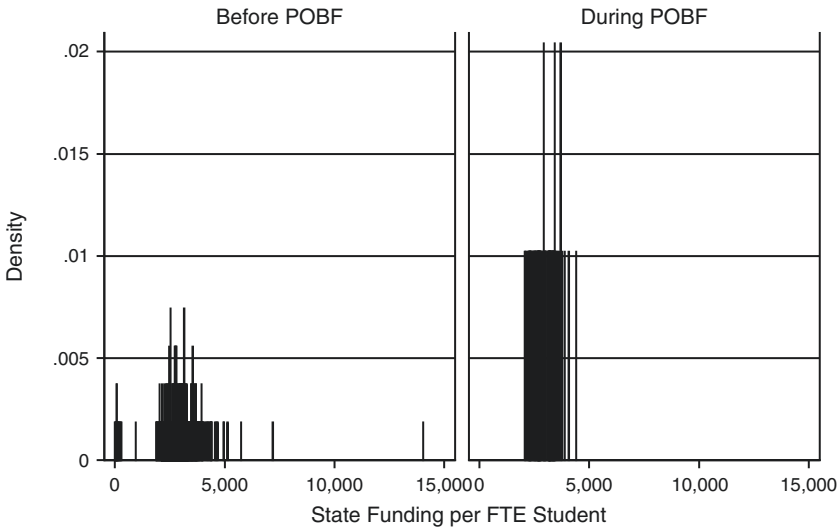

Fig. 4.2 Per-Student Funding for Community Colleges in Texas, Before Performance Funding (2003–2013) and During Performance Funding (2014–2015)

* *Note*: South Texas College is excluded from this figure, since it is a significant outlier. Specifically, South Texas College received $304,161 in state funding per-FTE in 2003. The next highest value, which is represented on the graph, is $14,026 awarded to Amarillo College in 2003

Turning to the Student Success Points allocation, which accounts for 10% of the formula (with 90% based on contact hours), we examine the amount of funding from success points earned by MSIs and non-MSIs. To adjust for volume, we specifically examine success points funding by fall student headcount enrollment for MSIs and non-MSIs. This finding, depicted in Fig. 4.3, indicates that MSIs earn more funds per student based on performance (student success) points than their non-MSI counterparts.

For a deeper analysis of how the performance-based portion of the model allocates funds to MSIs and non-MSIs, we explore the distribution of student success point funding specifically. Table 4.2 disaggregates student success point funding accumulation by each performance metric included in the Student Success Points model. In addition to the weight associated with each metric, this table presents the accumulation of points for each category by MSI designation.

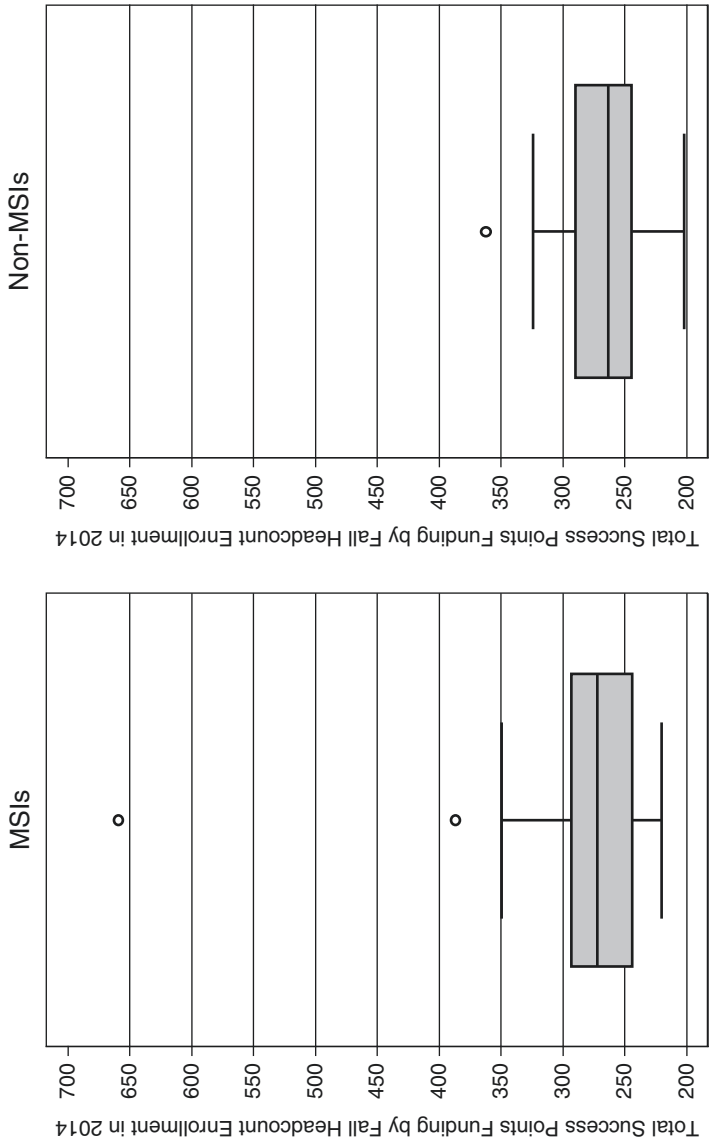

Fig. 4.3 Total Success Points Funding by Fall Headcount Enrollment by MSI Designation, 2014

Table 4.2 Weighted Student Success Points by Total Fall Headcount Enrollment for Each Metric, by Weight and MSI Designation, 2014–2015

	Weight	*Median points by enrollment*	
		MSI	*Non-MSI*
Developmental education in math	1.0	0.019[+]	0.018
Developmental education in reading	0.5	0.349	0.360
Developmental education in writing	0.5	0.222	0.226
1st college-level math	1.0	0.122[+]	0.114
1st college-level reading	0.5	0.209	0.217
1st college-level writing	0.5	0.080	0.094
15 semester credit hours	1.0	0.075[+]	0.069
30 semester credit hours	1.0	0.151[+]	0.131
Completion degree/certificate	2.0	0.209	0.217
Completion-critical field	2.25	0.080	0.094
Transfer after 15 semester credit hours	2.0	0.153[+]	0.137
Total success points by enrollment		0.022[+]	0.019

[+]denotes higher success points for MSIs relative to non-MSIs

As illustrated in the table, MSIs score lower on "outcomes" metrics (i.e., degree and certificates awarded and degrees awarded in critical fields). On the other hand, they yield more funding from "progression metrics" (15 and 30 SCHs) than non-MSIs. Regarding developmental education and gateway courses, the analysis reveals differences by subject area. MSIs outperform non-MSIs in student success point funding earned for math metrics. On the other hand, non-MSIs garner higher levels of student success point funding tied to reading and writing performance. This discrepancy in the performance of MSIs and non-MSIs by subject area may be attributed to higher levels of English-Language Learners (ELLs) at HSIs. ELLs may be less successful in the reading and writing developmental education and gateway courses. Future research should explore the factors that explain this disparity. Notably, math metrics are weighted more heavily in the funding model than metrics in other subject areas, granting MSIs a slight advantage in funding for gateway and developmental education metrics.

Finally, we were interested in examining how institutions with various student demographic characteristics fared in success point accumulation in 2014–2015, irrespective of their MSI designation. This analysis afforded us a finer level of detail since the MSI classification

does not capture, for example, the percentage of part-time students enrolled or specific proportions of minority student enrollments. Specifically, we grouped institutions into quartiles based on the proportion of enrollments by race/ethnicity, gender, and part-time status in 2014. We then plotted their per-student student success points accumulated (by institution) against these quartiles. Figure 4.4 illustrates three clear trends that emerged from this analysis. First, institutions with higher proportions of students who are Hispanic accumulated lower levels of total success points. This trend is consistent and significant. Second, also unambiguously, institutions with higher proportions of White students earned more total success points per student. Third, institutions with higher proportions of part-time students earned significantly fewer points per student, per year in 2014 and 2015.

In addition to those trends, two findings from this descriptive analysis were unexpected. First, institutions with percentages of Asian students above the median (quartiles 3 and 4) earn lower levels of success points per student than those with lower proportions of Asian students. This finding was surprising given McKinney and Hagedorn's (2015) finding that Asian students yield higher levels of revenue for institutions under POBF. Another notable finding was the positive relationship between percentages of female students and success points per student up to the third quartile. Excluding the 25% of institutions with the highest female student enrollments, higher female student enrollments appear to be positively associated with success point accumulation. The noteworthy effects relating to Asian and female students warrant further analysis.

Discussion and Policy Implications

With a CPA lens, we investigated how the new POBF model for two-year institutions in Texas distributed funds to two-year MSIs and two-year non-MSIs during the first biennium of implementation (2014–2015). The analysis revealed that, under POBF, two-year MSIs receive higher levels of per-student funding, in the aggregate than two-year non-MSIs. This contrast is especially notable since, before the implementation of POBF, MSIs received slightly lower per-student funding than non-MSIs. In addition, funding levels for all institutions increased under the POBF model. Taken together, these summary findings suggest that MSIs generally fared positively under POBF. However, further examination of the individual portions of each component of the POBF model and of success

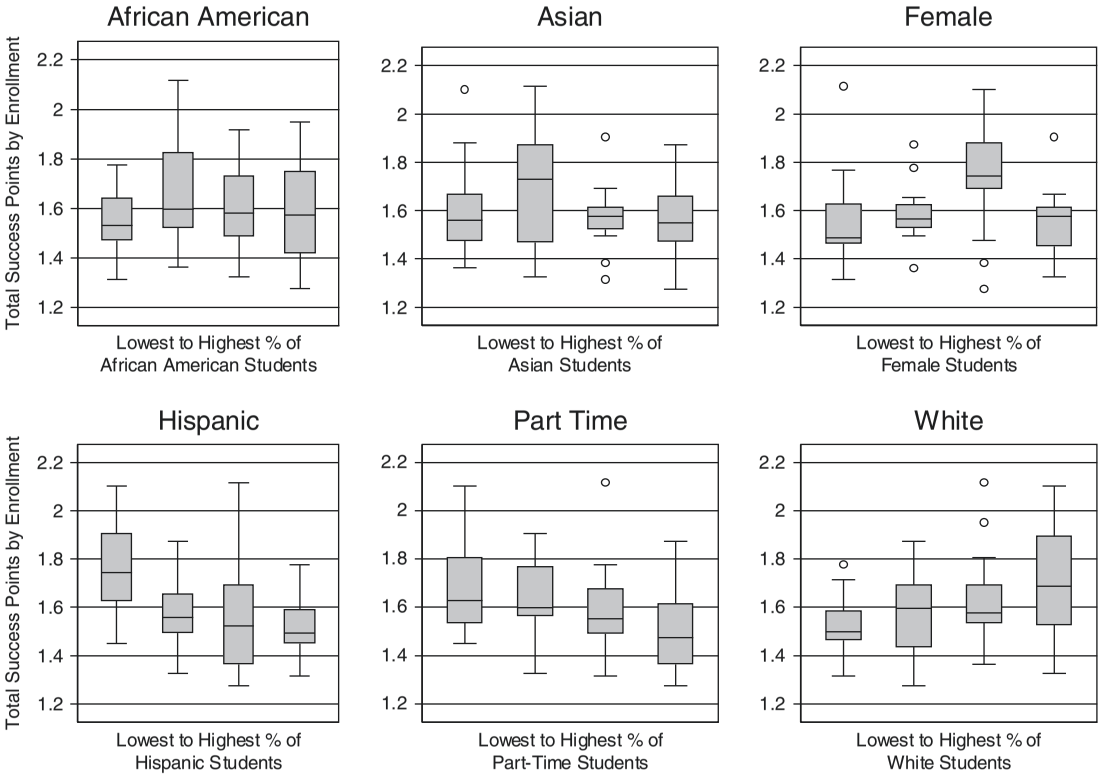

Fig. 4.4 Total Success Points by Enrollment by Quartiles for Proportions of Student Subgroup Enrollments, FY 2014–2015

points distributions for institutions with various student demographics reveals a more nuanced picture.

Turning to specific performance metrics, the analysis revealed that MSIs earn more state funding from math metrics, both in developmental education courses and gateway courses. In contrast, students at two-year non-MSIs are earning more certificates and degrees, including in critical fields. This finding highlights the importance of including in funding formulas metrics that assess student progress, including developmental education completion and credit-bearing course completion, in addition to those that measure outcomes.

Furthermore, the findings from our analysis of success point distributions reveal that institutions with higher proportions of students who are Hispanic earned lower levels of total success points; on the other hand, institutions with higher proportions of White students earned more success points. The results from our analysis are consistent with previous research on HSIs that suggests some do not include their HSI designation in their mission statements, and fall behind in producing equitable results for Latinos/as in earning degrees and pursuing STEM fields in comparison to White students (Contreras et al., 2008). As such, the performance metrics in their current form disadvantage institutions that serve the highest proportions of Hispanic students, regardless of their HSI status. In turn, by attending institutions with lower resources, these students are also at a disadvantage as they pursue higher education. This finding, coupled with the results related to the relative advantage to institutions with high proportions of White students, is notable. Policymakers in Texas have discussed the possibility of increasing the proportion of funding that is based on performance so that 75% of funding is based on contact hours and 25% is based on student success points (compared to 10% in 2014-2015). As the success points portion of the model becomes more heavily weighted, if the metrics remain unchanged, institutions that serve the most vulnerable students may become disadvantaged under POBF. In light of our findings, POBF model designers should consider including a premium for minority students to encourage institutions to continue serving all students. Likewise, because part-time students yield lower revenues for institutions, policy designers should consider a premium in funding models for serving part-time students.

Finally, under the POBF model, the distribution of funding across all institutions is more consistent and equal than it was before POBF was adopted. Prior to POBF, per-student funding ranged from $4 for one

institution to over $300,000 for another. Under the new model, all institutions received between $2,000 and $4,400 per student, thus eliminating outliers. While this equality can be viewed positively, these more formulaic distributions under POBF may prohibit special funding that is necessary for some institutions (e.g., ones that have experienced dramatic enrollment declines) under certain circumstances. In Texas, policymakers may have discretion to provide these special funds in a separate pool outside the funding formula, which would not be captured in our analysis. The flexibility to provide special funds, particularly for institutions that have been historically underresourced, is important. Future studies of state financing under POBF should examine the extent to which these new models balance equitability in funding and flexibility to allocate additional funds in special circumstances.

Conclusion

Hispanics represent the largest minority student population attending community colleges in Texas, and 25 of the 50 community/junior college districts in the state are designated as HSIs. Thus, the findings that reveal institutions with higher proportions of Hispanic students earned lower levels of total success points signal a cause for concern. The inequitable results for Hispanic students raise questions about the extent to which HSIs in Texas are equipped to serve their Latino/a population, especially given larger enrollments of students, more students with financial need, and higher student-faculty ratios than non-HSIs (Rodriguez & Calderon Galdeano, 2015).

In its current form, the POBF model that Texas utilizes is equitable and does not disadvantage institutions that serve the state's most disadvantaged students. Although Texas adopted a POBF model that yields equitable funding outcomes for both two-year MSIs and two-year non-MSIs, its disparate impact on Hispanic and part-time students and the generally lower performance of MSIs on some of the chosen success points–especially outcomes metrics–warrants further consideration. Nevertheless, some parts of the model, especially its inclusion of developmental education and course completion metrics, represent a sound design and should be considered by other states.

In an effort to maintain its national and global competitiveness, Texas launched 60x30TX, its new higher education strategic plan that aims for 60% of the 25- to 34-year-old Texas population to hold a certificate or degree by

2030 (THECB, 2015). As of 2013, only 38% of adults in that age range had a postsecondary credential. To reach the state's goal, Texas community colleges may depend on additional resources to serve more students and ensure their success. If adequately designed to account for community colleges' unique missions, the state's POBF model may become critical for improving the persistence and completion rates of the state's most disadvantaged students, bringing the state closer to reaching the 60x30TX goal. To achieve that goal, however, state policymakers must ensure that MSIs, which serve the largest demographic among community college students in Texas, are not disadvantaged under the new funding model.

Notes

1. The term "minority" refers to "racially minoritized" students (Benitez, 2010; Stewart, 2013).
2. In addition to the districts' designations, some individual institutions are classified as MSIs, including St. Philip's College (HSI and HBCU), Brookhaven College (HSI and AANAPISI), Northlake College (HSI and AANAPISI), and Richland College (HSI and AANAPISI). In this study, we focus on community college districts rather than individual institutions as the unit of analysis, since state policymakers allocate formula funding to districts.
3. The Texas Legislature also adopted an outcomes-based funding model for the Texas State Technical College System (TSTC), which went into effect in 2014–2015. Since that system is funded through a separate methodology, TSTC is excluded from this analysis of funding for public community/junior colleges.
4. One institution, Texas Southmost College, did not appear in the USDOE's list of MSIs because, when the list was generated, this college was in a partnership with the University of Texas at Brownsville (UTB). Texas Southmost College separated from UTB in 2011. We coded this college as an HSI since, in 2013, 94% of enrolled students were of Hispanic origin.

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PART II

Examining POBF Design, Adoption, & Revision

CHAPTER 5

A Critical Analysis of the Sociopolitical Climate for POBF in Three States

Abstract In this chapter, the authors use a critical policy framework to examine the sociopolitical climate of three states with rapidly increasing populations of color—Texas, California, and Maryland. These states are examples of active, failed, and proposed legislation for performance-based funding designed to increase accountability for better outcomes in higher education. The authors' examination offers a critical perspective on how different factors within a state context may shape the ways in which differently resourced institutions are considered in the creation and adoption of POBF policy.

Keywords State context · Policy formation · Critical discourse analysis

Introduction

In recent years, there has been extensive examination of the sociopolitical context and politics of state K-12 educational funding policies designed to increase school accountability for better outcomes, particularly how each shapes considerations of institutions that disproportionately serve students of color (Anyon, 2014; Ball, 2012; Lipman, 2013). Despite the rapid rise of state POBF designed to raise accountability in higher education, there has been much less scrutiny on the sociopolitical context in which POBF is developed, or its influence on how POBF policymakers consider higher education institutions that disproportionately serve students of color.

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Gittell and Kleiman (2000) found that institutions of higher education have poor communication with policymakers despite the fact that higher education is affected to a great degree by state political actors such as the governor and other state-elected officials. These actors are informed and affected by their context. In many states, there are fewer state dollars for higher education, calls for greater access to higher education and better job placement, and an increasingly dissatisfied public who want more accountability for higher education. In many ways, POBF policy is seen as an answer to all of these concerns. Still, for many students of color, community colleges and MSIs are the only affordable and accessible pathways to higher education, and these institutions enroll well over half–if not more–of all students of color in higher education. With the rapid spread of POBF across the country, there must be more attention given to how these institutions are considered and addressed in the development of POBF policy. Understanding the sociopolitical context in which these policymakers consider POBF models can provide more insight into how institutions that serve students of color are considered (or disregarded) in shaping and adopting these policies.

Using a critical policy framework, in this chapter we examine the sociopolitical context of three states with rapidly increasing populations of color—Texas, California, and Maryland. These states offer examples of active, failed, and proposed legislation for performance- and outcomes-based funding designed to increase accountability for better outcomes in higher education. This examination will offer a critical perspective on how different contextual factors within a state may shape the ways in which state policy actors consider differently resourced institutions that serve disproportionate numbers of students of color in the creation and adoption of POBF policy.

Conceptual Framework and Approach

Ordorika and Lloyd (2016) describe four characteristics that should be taken into account in an examination of state policies and whose interests are best served by these policies. These characteristics are: (1) the scope and limit of political contests, (2) the nature of the dominant ideology, (3) the degrees of political struggle or citizen participation, and (4) the characteristics of political leadership. We used these characteristics as a framework to identify elements of state context that may heavily affect the way POBF policy proposals are crafted and considered.

Critical Policy Analysis (CPA) is an approach that seeks to uncover processes, mechanisms, and discourses that may be hidden or unexamined within traditional policy and policy frameworks (Taylor, 1997). There are a number of ways to conduct CPA, including document analysis. We used this approach to examine documentation and literature regarding the demographics on state population, college student populations, policymakers, and the structure of state higher education systems in Texas, California, and Maryland. Each state offers an example of a POBF policy that was either adopted, rejected, or proposed (see Table 5.1). Of particular interest in this examination were the ways differently resourced

Table 5.1 A Comparative Snapshot of Each State and its Adoption of POBF Policy

States	*Demographics*	*Policymaker Demographics*	*Higher Education System*	*POBF Legislation*
Texas	– 70% non-Hispanic White – Rapid and drastic rise in nonwhite Hispanic – 17th highest poverty rate in the USA	71% White Republican controlled	– System-wide coordinating board and several locally controlled governing boards – 80% of all undergraduates attend a community college	2.0 outcomes-based funding
California	– Highly diverse – Hispanics constitute 39% of the population – Whites only make up 38% – High poverty	77% White Democrat controlled	– Highly autonomous, no state governing board – Over 88% of the students of color who attend public higher education in California are enrolled in the state's 129 two- and four-year MSIs	Rejected POBF legislation

(*continued*)

Table 5.1 (continued)

States	*Demographics*	*Policymaker Demographics*	*Higher Education System*	*POBF Legislation*
Maryland	– 47% of the population constitutes persons of color – Richest state in the USA	Most diverse of the three: – 39% of electorate is nonwhite – Historically Democrat – Currently mixed with both Republican and Democratically controlled seats	– Over half of the 82% enrolled students in Maryland public colleges and universities are enrolled in community colleges	2012 proposed POBF model currently under consideration; however, there has been no movement toward adopting it since it was proposed

institutions that serve disproportionate numbers of students of color are factored into the construction and support of POBF policy proposals.

A Profile of Three States

Texas

Demographics

For 2015, the U.S. Census reported that over 70% of the population in Texas is White non-Hispanic. The non-White Hispanic population accounted for 17% of the population, and Blacks, Asians, and Native Americans represent 13%, 5%, and 1%, respectively (U.S. Census, 2015). These estimates may be conservative because undocumented immigrants are often undercounted, and there is a segment of Hispanics who choose to identify as White non-Hispanic (CNN, 2011; Renteria, 2016). This makes for a complicated portrait of ethnicity and race in Texas. Demographers who study the state have reported more drastic trends in the rise of nonwhites in Texas, citing that its immigrant population is now one of the largest in the country, rivaling that of New York (Stepler, 2016). Some estimates even report that only 43% of the Texas population is White non-Hispanic, while the Hispanic non-White populations are at

an all-time high of 39% (Valencia, 2016). Nevertheless, one issue of consensus is the rapid rise in the number of nonwhites in the state. While the Black population has held steady at 12% and the Asian population has risen to 5%, Texas has seen a steady migration of Hispanic immigrants and an increase in U.S.-born Hispanic births over the past decade. As of 2010, Hispanics were the largest group among all residents age 37 or younger (Stile, 2013). Interestingly, Texas ranks as the 23rd richest state, but has the 17th highest poverty rate at 17.2%. Most of the poverty has been attributed to the immigrant population; however, it certainly does not account for all of it (Beeson et al., 2014).

Policymaker Demographics

Despite the drastic increase in the Hispanic population, non-Hispanic White still dominate Texas's state-elected public seats, with 71% of all elected seats going to White men and women (Women Donors Network, 2015). Elected representation among non-Whites is better in state government, with nonwhites holding 35% of all positions (Kurtz, 2015). In terms of partisan representation, Texas is considered a red state, with a long history of Republican-dominated seats in both houses as well as in the gubernatorial seat (National Conference of State Legislatures, 2010, 2011, 2012, 2013, 2014, 2015).

The Texas Higher Education System and Its Students

The Texas public higher education system is large, and includes 38 teaching institutions, 50 community and junior colleges; one technical college system with four main campuses; three lower-division state colleges; and nine health-related institutions (The Legislative Budget Board, 2013). There are also a number of governing boards of higher education, mostly at the state and local levels. The Texas Higher Education Coordinating Board (THECB) manages the public higher education system, and its members are appointed by the governor with the consent of the Senate (McGuinness, 2002; Richardson et al., 1999, pp. 125, 134, 139–141). THECB's responsibilities include providing leadership and coordination for the Texas higher education system to promote excellence in higher education, assessing Texas's system of higher education and developing recommendations for policy (WICHE, 2015c); There is a fair amount of political tension between the THECB and Texas institutions because of a historical legacy of strong local control. In fact, several of the state's premier and elite universities have

multicampus governing boards of their own (Richardson et al., 1999, p. 135; McGuinness, 2002).

Of the 1.4 million students enrolled in public higher education in Texas, most attend two-year colleges. In fact, 80% of all undergraduates in Texas attend a community college. Over 70% of the students of color are enrolled in one of its 61 public or private MSIs (many of which are also two-year colleges) (Jones, 2014). Still, retention continues to be a challenge. Despite the state's intense focus on retention and completion, a recent study shows that Black, White, and Hispanic community college three-year graduation rates decreased between 2002 and 2012 (Rankin et al., 2015).

Accountability and Reporting in Higher Education

Texas has an accountability system designed to address the goal of closing the achievement and workforce gaps. The system tracks performance on measures aligned to institutional missions. While the accountability and tracking system monitors measures such as participation and institutional effectiveness, it also collects data in regard to specific institutional missions and contexts for a better understanding of how institutions can and have improved in specific areas. Institutions are encouraged to provide individual measures in areas of their choice for improvement. The Texas accountability goal includes an interest in improved performance, not just outcomes (Texas Association of Community Colleges, 2017). Additionally, Texas has a data network known as The Texas PK-16 Public Education Information Resource, which is designed to collect and provide "information for purposes of research, planning, policy, and decision-making" (The Texas Student Data System, 2015).

The Adoption of POBF in Texas

Since 1999, Texas has developed at least three distinctly different POBF systems. The 2007 version of POBF in the state, also known as HB 3828, was aimed at universities only, and sought specifically to focus on course completion. Curiously, it also sought to steer underprepared students to community colleges, encouraging four-year institutions to raise their entrance requirements. Designers of the POBF model at the time stated that they were explicitly seeking to incentivize institutions to improve their retention and graduation rates (The Legislative Budget Board Staff, 2013). Nevertheless, there was opposition.

Most Texas university leaders opposed the POBF plan because it favored outcomes over enrollment in allocating state funding; there were also disputes over indicators and reducing base allocations (Selingo and Der Werf, 2016). Eventually, the program was discontinued after 2011. However, in the 2011 House Bill 9, there was a directive for THECB to propose POBF, and two different formulas were considered. This resulted in the current iterations of POBF in the state: one that applies to community colleges alone, and another that applies only to the state technical college system. Both systems serve a disproportionate number of students of color, and many of the MSIs in Texas are also community colleges.

The current Texas POBF model for community colleges is the 2.0 version, which ties base funding to performance indicators. Developed in 2013 through Bill SB1, the Texas formula allocated10% of an institution's operating budget based on points earned from a three-year average of student completion of metrics, including those focused on the number of students who successfully complete developmental courses and first college-level courses in mathematics and reading, degree completion time, at-risk student retention, STEM and health field enrollment and graduation, and institutional mission factors (Davies, 2014; National Conference of State Legislatures, 2014; Friedel et al., 2013; Serrano, 2013). For the state's technical college system, POBF is called a "value-add funding formula," and constitutes 85% of the funding allocation to the system. Interestingly, the Texas State Technical College System (TSTC) were the strongest proponents for the POBF policy (Selingo & Der Werf, 2016). According to reports of the legislative session, the chancellor of the TSTC, Bill Segura, pledged to be the first in the state to adopt POBF. Legislators expressed surprise to such a level of enthusiasm (Selingo & Der Werf, 2016).

The POBF policy proposal for the state's community colleges was proposed by Republican House Representative Dan Branch and enthusiastically backed by Bill Hammond, president of the Texas Association of Business. The bill received little opposition, except from The Texas Community College Association; the concern from that organization, however, was not for POBF per se, but for the lack of strength and understanding about the model (Cortez-Navel, 2013). Nevertheless, the proposed POBF model for community colleges passed, and has been touted by representatives in the state as a positive way of increasing accountability. It has also been cited by others as an example of how to take institutional missions into account as well as incentivize institutions for addressing the retention and graduation of at-risk populations (Selingo & Der Werf, 2016) For example, the current

POBF model allots provisions that reward institutions that increase retention and graduation of underserved populations.

While this consideration of institutional mission and at-risk population appears to address the concerns of differently resourced institutions that serve disproportionate numbers of students of color, it does not necessarily protect these institutions from being penalized for serving these students. For example, McKinney and Hagedorn (2015) examined an early version of the Texas POBF program and its potential impact on community colleges, and found stark differences in the attainment of success points and POBF funding. They discovered that it was more valuable for institutions to recruit more traditional students than more at-risk students, and particularly Black students. It should be noted that this version of the model, however, did not include the current models' 100% premium for Pell-eligible students.

California

Demographics

There has been a historic shift in demographics in California, with Hispanics becoming the largest ethnic group in 2014 (Magagnini, 2015). Currently, Hispanics constitute 39% of the population, while Whites make up only 38%. The third largest group, Asians, make up 14% of the population, while Blacks represent 6%, followed by a 3% labeled as "Other" (United States Census Bureau, 2015). It should also be noted that 72.6% of the youth in California are people of color, while White youth only compromise approximately 27.4% of the population (California Department of Alcohol and Drug Programs, 2013). While California ranks as the ninth richest state in the country, the disparities between the rich and poor are drastic (Rankin et al., 2015). On a measure of child well-being, California ranks 49th out of 50; one in four California children lives in poverty, and by race the disparities are even more startling: Latinos and Blacks rank at 22.8% and 22.1% respectively, while Asian and Whites represent 11.8% and 9.5% of the poor in the state (California Department of Alcohol and Drug Programs, 2013; ChildrenNow, 2016).

Policymaker Demographics

There are stark disparities in representation in California: more than 77% of elected officials are White, despite their dwindling numbers in the

general population (wholeads.us). In terms of partisan representation, Democrats have held both houses and the gubernatorial seat (National Conference of State Legislatures, 2010, 2011, 2012, 2013, 2014, 2015).

Higher Education System

The California System of higher education is infamous because of its Master Plan, which established a three-tier public system, designed to increase access for all California residents. This public sector is comprised of three segments: the University of California (UC), the California State University (CSU), and the California Community Colleges (Public Policy Institute of Higher Education Center, 2016) Through the Master Plan, the state's public system was able to accommodate dramatic increases in enrollment for several decades while providing broad access and charging little or no tuition. But over the past two decades, tuition has risen sharply and enrollment has not kept up with demand—largely because of reductions in state support (WICHE, 2015b). Currently, over 74% of all college enrolled students in California are enrolled in the public sector of higher education. Over 88% of the students of color who attend public higher education in California are enrolled in the state's 129 two-and-four-year MSIs (Jones, 2014).

Accountability in California

There is also a performance reporting system in the state of California called the Partnership for Excellence (PFE) that has committed the state to providing the community college system with a guaranteed increase in funding in return for achieving certain performance outcomes. Although at one time PFE held the possibility of becoming a POBF model, it never did. Though the system retains the performance indicators, it does not attach monetary consequences to them, so it is neither a performance funding nor performance budgeting system. Additionally, in its current form, PFE funding is not allocated to the system as a whole nor to individual community colleges on the basis of any explicit formula, and remains solely a reporting system (Shulock & Moore, 2002).

Failed Legislation for POBF in California

California has never developed a POBF system for higher education (Dougherty et al., 2010). This absence is curious, considering the state's budget crisis and strong business community, both of which have been cited as conditions for the rise and adoption of POBF in many states

(McLendon & Hearn, 2013). One proposed POBF model (SB 1143) did not take the typical form of performance funding, in which higher education institutions are rewarded for their performance on indicators such as retention, graduation, and job placement (Burke, 2002; Dougherty & Hong, 2006). Instead, SB 1143 was written to reward community colleges on course completions (Dougherty, Natow, Hare, Jones, Vega, 2010). Primary proponents of SB 1143 included Senator Carol Liu (a Democrat) and David Rattray, Senior Vice President of Education & Workforce Development for the L.A. Chamber of Commerce. Opposition arose, however, particularly among advocates from the community college system, who became concerned about adjusting course completions to take into account the number of students of color in an institution's population (Legislative Counsel, 2010). While concessions were made to keep the bill afloat, in the end, it failed to pass in its original form. Subsequently, the POBF portion was removed, and instead, a task force was established to design a plan for better accountability (California Legislative Council, 2010).

Maryland

Demographics

Maryland has the sixth largest share of people of color in the U.S., with close to 47% of its population being persons of color. Blacks constitute the largest group, followed by Hispancs and Asians. In fact, population growth overall in the state of Maryland can be attributed almost exclusively to the growth of people of color. This population has steadily increased since 2000, while the state has witnessed the decrease of the non-Hispanic White population during the same time period (Department of Legislative Services Office of Policy Analysis, 2015; Kingkade, 2015; Perna et al., 2012). Socioeconomically, Maryland is the richest state in the country; the average household income is 37% higher than the national median. It also has the second lowest poverty rate at 10.2% (Rankin et al., 2015).

Policymaker Demographics

Interestingly, Maryland's state policymaking body does not represent the growing nonwhite demographics in the state. Despite the fact that people of color make up 46% of the population, their overall representation in elected

offices across the state is just 37% (Women Donors Network, 2015). In the Maryland state legislature alone, the disparity in representation is also evident, with only 39% of nonwhites represented (Kurtz, 2015; Women Donors Network, 2015). State partisan representation has had a history of being Democratic, but more recently has been mixed. There was a Democratic stronghold on all seats from 2012 to 2014 (National Conference of State Legislatures, 2012, 2013, 2014, but in 2015, Maryland had a Democrat controlled legislature, a Republican governor, and a divided Senate (National Conference of State Legislatures, 2015). The Maryland Senate is also quite small, and has a tradition of its members' getting unanimous consent on "local bills" that supposedly apply only to their localities (Richardson et al., 1999, pp. 125, 127–128).

The Maryland Higher Education System and Its Students

Approximately 82% of students enrolled in Maryland's higher education system are enrolled in public colleges and universities, and over half of those are enrolled in community colleges. The public higher education system is managed by The Maryland Higher Education Commission (MHEC), but is governed by a board of regents, who are appointed by the Governor (Education Commission of the States, 2016). The percentage of students of color enrolled in 13 public or private two- and four-year MSIs in Maryland is over 73% (Jones, 2014). Recently, there has been concern over the disparities between White and nonwhite college-going populations. Perna et al.'s 2012 study revealed that the Maryland higher education system was not adequately enrolling or graduating poor, urban, Black, and Hispanic students. In response, the state has sought to address the disparities in the growing nonwhite and White populations by focusing on outcomes.

Accountability in Maryland

The MHEC has long been interested in accountability for higher education institutions. The Maryland 1988 Reorganization Act created an accountability process for all public institutions of higher education. All governing boards of public institutions are now required to submit an annual performance accountability report to the MHEC. To date, these reports have not been explicitly tied to funding. Instead, the MHEC uses them to review institutional progress and make recommendations to the Governor and General Assembly. Additionally, all independent colleges and universities supported by state funding are asked to voluntarily submit a periodic report on their performance. The community colleges,

however, have a more detailed and compulsory system. Currently, Maryland community colleges have 28 performance measures on which to report. The public four-year universities each develop a set of goals, objectives, and performance measures (WICHE, 2015a).

Proposed POBF Policy in Maryland

In 2012, the MHEC submitted a proposed framework for POBF 2.0, which uses base allocations instead of bonus funding. This proposal was made in collaboration with the Maryland Association of Community Colleges and various other higher education organizations affiliated with the state public higher education system. The proposed 2012 POBF model specifically aimed to address outcomes for at-risk students. It seems that there has been considerable reflection and concern regarding recent scholarship about POBF because the Maryland proposal explicitly outlined lessons learned from studying other POBF models. For example, there were documented reservations expressed at the 2013 meeting about the proposal, among them, the lack of research about the effectiveness of POBF (Department of Legislative Services Office of Policy Analysis, 2013).

But more importantly, there were concerns that, in order to adequately fund and support POBF (addressing resources and capacity building), the POBF 2.0 program would have to provide additional funding "in excess of those covering the CSB regardless of an institution's performance" (Department of Legislative Services Office of Policy Analysis, 2013). Interestingly, unlike many POBF proposals, the MHEC proposal for POBF 2.0 explicitly cites the depressed economic climate and completion goals as driving factors for the proposal to adopt the model. The proposal also suggests that the state take into consideration institutional differences in mission and student populations, while rewarding improvement rather than fixed outcomes. There is also a focus on Pell Grant recipients and reducing the achievement gap. Most prominent in the MHEC proposal is a focus on completion and progression, which are particularly "rewarded for increasing the number of students that achieve certain progression milestones," and the proposal put forth metrics that would be sensitive to institutional differences in student populations and missions (Department of Legislative Services Office of Policy Analysis, 2013).

In the latest available bill proposal for POBF 2.0, the MHEC emphasized the critical nature of institutional differentiation and population consideration when planning a POBF model:

> Institutions are concerned about the fiscal impacts of POBF as it pertains to developing budgets. To ease this uncertainty, states such as Ohio and Washington incorporated a learning year in the process. During this time, detailed reports were provided in order to inform institutions about the expected fiscal impacts of the policy. DLS recommends that MHEC reconvene the workgroup to further revise and refine the framework to ensure the metrics are appropriate, are easily understood, and are difficult for institutions to game... The workgroup should also consider how best to ensure that UMB has the opportunity to benefit from the proposed model. Once a final model is agreed upon, MHEC should test it for a year in order to establish a baseline, evaluate the metrics to ensure they are reasonable, and determine if the data are available, reliable, and valid. (Department of Legislative Services Office of Policy Analysis, 2013)

Discussion

As POBF policies continue to expand, there has been much speculation about whether or not these policies are effective in raising accountability and producing outcomes. There has been much less inquiry about the sociopolitical context in which POBF policies take shape, and how these contexts may shape policymaker considerations for differently resourced institutions, particularly those that disproportionately serve students of color. Factors such as the demographics of a state's population and its policymakers, the structure and governance of higher education, and the types of students various institutions in the state serve all play a role in the sociopolitical climate in which state higher education policies are developed, as well as the type of support they receive. In this analysis of Texas, California, and Maryland, we found some elements in the sociopolitical climate of each state that supports previous research about the contextual conditions. We also found some interesting new factors and nuances that may override these conditions. Below, we use each of the four components of the Ordorika and Lloyd framework to discuss various factors within the sociopolitical contexts of each state, and how these factors may have shaped the ways in which policymakers considered differently resourced institutions when developing POBF policy proposals.

The Characteristics of Political Leadership

Partisan politics play an important role in whether POBF will be adopted in a state. This is largely because many Republican platforms are strongly

supportive of business market strategies towards accountability, where there are rewards and incentives for good outcomes (McLendon & Hearn, 2013). This appears to hold true in this examination as well. Texas, which has been historically Republican, is the only state out of the three we examined here to adopt POBF. Despite its widespread use throughout the country (currently 32 states are using some form of POBF), neither California nor Maryland has yet adopted a viable model. It should be noted that one of the proponents of the failed POBF legislation in California, Senator Carol Liu, is a Democrat, and Maryland was still controlled by Democrats when they began actively considering POBF in 2011. So, while political leadership may shape the consideration and adoption of POBF, there is an ideology attached to it that appeals across partisan lines.

The Scope and Limit of Political Contests

McLendon and Hearn (2013) found that the adoption of POBF was more likely with electoral competition, and that proposing POBF appealed across party lines to address constituent concerns about educational quality and accountability. It is unclear whether the POBF proposals in these three states were used as part of a larger political platform to get votes, but there was bipartisan and public support for greater outcomes and quality within higher education. Widespread calls for accountability undoubtedly played a large role in encouraging policymakers in each of these states to consider POBF as a viable tool for addressing these concerns. This points to a larger issue of the appeal of the ideology that undergirds POBF policy, and makes it appear as an attractive option for addressing concerns about higher education accountability.

The Nature of Dominant Ideology

Letizia (2015) conducted a discourse analysis on POBF policies to ascertain whether neoliberal themes were embedded in the framing of these models. He found that core neoliberal principles such as market/economic growth/revenue generation, efficiency, vocational/workforce training/job creation, accountability and performance, public-private partnerships, and prestige were featured prominently in most POBF models. These policies were created in states on both sides of the partisan spectrum. My analysis also reveals an overarching interest in efficiency,

vocational and workforce training, accountability, and performance. But while there appears to be neoliberal principles embedded in the core framing of POBF policies as well as policymaker expressions of support for POBF in all three states, the degree to which neoliberalism manifests into support for POBF policy at the expense of consideration for its possible impact on differently resourced institutions varies widely.

In Texas, the values of the business community and Republican legislature aligned with support for incentivizing rewards and posing budgetary consequences for poor outcomes. This ideology does not necessarily end with partisanship alliances, however, as there was little to no opposition from any group other than the Texas Community College Association, which did not necessarily oppose the idea of POBF, but rejected the details of the plan. There was even enthusiastic support voiced by the state's technical college system. However, there is a caveat here—the pervasiveness of neoliberal ideology, which supported the POBF policy proposals, but did not trump policymaker consideration of the needs of differently resourced institutions. The inclusion of indicators that address remedial education and institutional mission demonstrates efforts to address any unintended consequences or punitive costs for differently resourced institutions. Although as recent studies show, their efforts may not be enough to mitigate negative outcomes in the long run.

Both California and Maryland showed clear support for focusing on outcomes and trying to find ways of incentivizing outcomes; however, in both states, policymaker and outside group advocacy for differently resourced institutions took precedence. In California, the opposition and advocacy for these institutions was so strong it defeated proposed POBF legislation, and in Maryland, consideration for these institutions has been so cautious and reflective that it has stymied movement towards implementing the plan.

The Degrees of Political Struggle or Citizen Participation

These varying degrees of support for the ideology of creating neoliberal market rewards for outcomes has also shaped the degree of political struggle over the adoption of POBF policy. While there was little participation of citizens in all states in deliberations about POBF proposals, in California, there was substantial participation from the higher education community in voicing concerns about how POBF may impact differently resourced institutions that had long been underfunded. Coupled with a strong Democratic electoral presence, the participation of higher education

advocates played a role in the degree of political struggle over the bill, ultimately defeating its original goal (Dougherty et al., 2010). Research also shows that governing boards and more autonomous systems tend to be better shielded from POBF policy considerations than those that have coordinating boards and less centralized state governing structures (McLendon & Hearn, 2013). This certainly seems to hold true in California, which no longer has a higher education commission, and whose three systems are widely known for their autonomy and advocacy (California Tomorrow, 2006).

In Maryland, it appears that the policymakers themselves have been reading the scholarship on the effectiveness and impact of POBF on differently resourced institutions, particularly those that serve historically underrepresented and at-risk populations. And, while this does not necessarily constitute a political struggle, there is evidence that the proposal for POBF is often met with significant concern about how it will be implemented and whether it will sabotage the state's broader equity goals.

The Role of Demographics

It is difficult to tease out the influence of race, ethnicity, and socioec onomic status in both the general population of each state and their policymakers. California, the most diverse state in this analysis with one of the highest child poverty rates, also has the least demographically representative policymakers. Yet, there was significant consideration and advocacy for differently resourced institutions, which serve more students of color. In Texas, there appears to be much more support for POBF, as well as enthusiasm toward embracing neoliberal ideology, even in the midst of an increasingly nonwhite populous, a high rate of poverty, and significant enrollment in community colleges. Perhaps this was why the overwhelming White majority of Republicans in elected positions that supported POBF made an effort to consider its impact on differently resourced institutions. In Maryland, where the electoral body most closely resembles its populous and has, until recently, been largely Democratically controlled, there appears to be much more consideration about the possible negative impact of POBF. The state has also made a concerted effort to include racial diversity as a goal within the proposed POBF model.

Conclusion and Recommendations

Policymakers who are considering POBF as a mechanism for increasing efficiency and accountability in higher education should take measured approaches toward the inclusion of input from all sectors of higher education and the communities that they serve. They should also make conscientious efforts to address differently resourced institutions and diverse populations within the models they create and support. Specific measures that support capacity building and institutionally tailored plans will go a long way toward mitigating potentially negative consequences. However, even with these efforts, the application of POBF can potentially have negative effects, and the benefits should be weighed against these potential costs.

In recent remarks, Secretary of Education Duncan had this to say about the need for a shift in the focus for higher education:

> We will have only found better ways to pay for a system today that fails far too many of our students... We must reset the incentives that underpin the system so the focus is on the outcome that matters: completing a quality degree at a reasonable cost... We must shift incentives at every level to focus on student success... Federal and state governments and accreditors all need to flip the current incentives. Collectively, we must focus less on inputs—like enrollment and spending—and more on outputs, like completion rates and degrees awarded, and whether those degrees have real value in the marketplace.... (Duncan 2015)

Secretary Duncan's words highlight our new national focus on outcomes and higher education's value in the global market place. It also embodies a neoliberal ideology that transcends partisan lines. While Republicans have long supported POBF, there is also considerable support for POBF among Democrats, even from President Obama (White House Office of the Secretary, 2013). In the K-12 educational policy arena, neoliberal policymaking, which may symbolically give tribute to egalitarian aims, has resulted in negative consequences for students of color and the schools that disproportionately serve them (Bowles & Gintis, 2011). For example, high-stakes standardization testing tied to school funding has also increased pressure for schools to game the system and sacrifice innovation and learner-centered instruction in favor of teaching to the test. In higher education, there are also consequences for applying neoliberal policies like POBF without consideration for unique institutional missions, historically

underfunded institutions, and institutions that serve the most marginalized and disenfranchised communities.

While the higher education community may struggle to communicate their concerns with policymakers, it is vital that they and their supporters understand they can make a difference by advocating for their institutions. Institutional leaders can also help educate policymakers about the research on POBF and the importance of tailoring POBF proposals for different institutions and populations. For policymakers, it is important to remember that, even when subscribing to market-based approaches to produce better outcomes, overemphasizing student outcomes without attention to institutional inputs and capacity building can ultimately sabotage state goals for equity and quality for all students.

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CHAPTER 6

Policy Actors, Advocates, and Critics: The Promotion and Critique of Performance and Outcomes-Based Funding's Impact on Equity

Abstract This chapter reviews data from a qualitative interview study conducted with POBF advocates and critics from various organizations focused on higher education, campus leaders, and academic researchers. As more states move toward substantial POBF formulas, it is crucial to understand how these policies work to advantage or disadvantage our most vulnerable student populations. In this chapter, we explore higher education leaders' insights and experiences with POBF, specifically targeting leaders who have been publicly vocal about the ways the policies have helped or inhibited equity.

Keywords Policy influence · Policy critics · Policy advocates

Introduction

With performance and outcomes based funding (POBF) cementing itself as the new funding strategy in higher education across the nation, dissention continues between POBF advocates and critics about the purposes, goals, and abilities of POBF. As larger percentages of funding continue to be subsumed by POBF, it is critical to understand how the policy works to serve the most vulnerable student populations. Supporters argue that the funding policy creates measures to ensure equity in funding allocations. They also note that the policies encourage universities to better serve all students, ensuring that they persist and graduate on time. Lastly, they

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argue that outcomes-based funding improves the overall quality of higher education, making universities more responsive to public demand. Contrastingly, POBF detractors contend that the policy creates unnecessary competition for enrollment and funds among institutions, many of which are already struggling. Critics also believe that there have been several serious consequences of POBF, including institutional creaming and watered-down programming. Additionally, critics feel that policy design has not been inclusive of many institutional stakeholders, with more powerful universities and politicians having additional influence on design. Lastly, critics feel that early results suggest POBF policies have had little to no effect on outcomes, but simply force universities to significantly reprioritize to chase funds.

This chapter is based on an interview study conducted with 11 POBF advocates and critics across the U.S. Its focus was to: (1) understand the diverse perspectives on POBF's impact on equity in higher education; and (2) how those perspectives have influenced POBF policy design, adoption, implementation, and revision. This study also explores the political influences on outcomes-based funding throughout the U.S. It begins with a brief history of POBF policies, then moves to a review of theoretical framework using Kingdon's (2011) policymaking process. The framework is followed by an overview of interview study methods, then moves to a discussion of interview findings. It concludes with recommendations for the policymakers designing POBF policies.

Literature Review

POBF funding policies arose as a response to government and public dissatisfaction with the quality of higher education in many states, as well as questions about how to improve higher education outcomes for students (McLendon et al., 2006). The goal of the policies has been to move institutions from a focus on access/enrollment (which is what was originally used to determine funding) to completion. While there is some diversity in state funding formulas, the 32 states with POBF in place generally focus on institutional progress and outputs. Four other states are set to implement the funding policy, with additional states exploring POBF possibilities (Hillman et al., 2014; NCSL, 2015).

Equity was not originally instituted as a main goal of POBF policy designers, demonstrated by the majority of states implementing formulas consisting of progress/process and output metrics alone (Jones, 2014).

However, several states have made an effort to address equity within their formulas by assigning a premium for achieving success with specific groups of underrepresented students. As it stands, of the 32 states implementing POBF, six have a premium for adult students, seven have a premium for minority students, and five have a premium for students with lower levels of academic preparation. Our aim in this chapter is to get a deeper understanding of the factors that influenced the increased focus on equity, the existing challenges to increasing it, and how POBF policies continue to challenge it.

Theoretical Framework

Kingdon's (2011) work on the policymaking process serves as a useful framework for understanding the influences on POBF policymaking. Kingdon describes the process in four stages: (1) setting the agenda; (2) a specification of alternatives; (3) authoritative choice among alternatives (for example, legislative vote or presidential decision); and (4) the implementation of the decision. Kingdon's (2011) study identifies a hierarchy among critical policy actors: first are congress members, followed by political appointees, interest groups, researchers, and lastly, consultants.

Kingdon explores the role of those both inside and outside the government, explaining that, while political appointees do not always originate ideas, they are the key players in their adoption. His research also suggests that elected officials rely on the expertise of interest groups and partners to shape policy, and these groups play a significant role in critiquing and blocking policy. Thus, the focus of this study is on those outside of the government, their perspectives on POBF and its impact on equity, and how those perspectives have shaped policy adoption and revision. Kingdon's framework is useful for evaluating the interplay and actions of key policy actors and how their relationships and individual and group hierarchies work to advantage or disadvantage low-income students of color.

Methods

We used a qualitative methodology anchored in semistructured interviews to conduct this research (Olson, 2011). The collected data consist of 11 semistructured participant interviews that lasted approximately one hour each. Purposeful sampling (Patton, 1990) was used to select

11 participants for the study, including higher education researchers, leaders, and nonprofit and policy organization leaders, some of whom have been instrumental in the design of POBF in various states. The group included four participants representing nonprofit organizations engaged with higher education policy and advocacy, six academic researchers studying higher education accountability systems, and one participant serving as a campus leader at a public four-year university that primarily serves low-income students and students of color in a state with a POBF policy. The participants were engaged in higher education policy at various stages of the POBF process, including consideration, adoption, full implementation, and revision. This group of participants included POBF advocates, critics, and those who described themselves as neutral on the topic. They were asked about their opinions on POBF policies as a vehicle for improving higher education, the impact of these policies on equity, and the role of the public and policy influencers on the promotion, implementation, and revision of policies. These one-hour interviews were conducted via telephone and audio recorded with the permission of the participants. Those recordings were then transcribed verbatim using the grounded theory data analysis method (Glaser & Strauss, 1967). Transcripts were then coded and codes were used to create themes responding to the initial research questions. The codes were selected to capture participants' perspectives on how POBF was shaping higher education equity as well as how the perceptions of the relationship between POBF and equity were influencing policy adoption and revision. Some of the selected codes included "politics and policy making," "adverse consequences," "advocacy group influence," "incentives/rewards," "college mission," "targeting students of color, low income, at-risk," and "policy change/revisions." Due to the political nature of the topic, the sensitive commentary provided by the participants and other actors engaged in POBF issues, we will protect their identities by referring to them as the following: *higher education researcher*, *practitioner*, and *nonprofit organization representative*.

Findings

A Moving Train

Each of the participants was asked to describe the relationship between POBF and equity in higher education. They were then asked to describe

Table 6.1 Stakeholder Perspectives on POBF and Equity

Policy Actors and Stakeholders	*Perspective on POBF and Equity*
Researcher/Scholar	"POBF has had no, or a negative impact on equity"
Campuses (leaders/practitioners)	"We need more resources to improve outcomes for the type of students that we serve"
Public/Media	"Is going to college worth it?" "What are the best colleges?" "We should protect all students/families from poorly performing colleges"
Intermediary/Nonprofit Organization (H.E. policy focused)	"POBF can advance equity with the right investment and design"
Elected Officials	"POBF will incentivize campus efficiency and effectiveness and improve outcomes for ALL students"

the perspectives of other key actors on POBF and equity and how these varying perspectives were shaping advocacy efforts and the adoption of these policies. Table 6.1 lists the participants and the sentiments held by each.

The participants shared that, although there are various perspectives on POBF and equity, the ways in which these perspectives shaped the actual policies varied by each state's political contexts. One nonprofit organization representative described the influence of such contexts below:

> I don't think the equity angle has been discussed as much as it probably should. And I would say that it's probably because, these days, state legislatures are Republican-controlled, and so I think a lot of the framing has essentially appealed to conservative mindsets, where there are kind of pro and con arguments on the left and the right for POBF. On the conservative pro-POBF [side], you've got the argument for testing and being efficient with taxpayer money. On the progressive side, the pro argument for POBF is that we're able to support institutions that are focusing on underserved students and close institutional equity gaps. And when push comes to shove, the pro arguments that have tended to appeal have tended to be more towards the Republican sides because there's more of them these days.

To begin the interviews, each of the participants was asked if they were a POBF advocate or critic. Though there was an equal number of both, most described themselves as neutral or as both advocate and critic. Those who identified as advocates were careful to note that they are advocates of

"well-designed" POBF policies, describing their roles as advancing POBF policies in the most effective ways while also acknowledging that the rapid adoption of policies has not necessarily meant the adoption of effective ones. They went on to note that not all POBF policies are created equal, and that the ones that miss the mark do so because of a limited focus on equity. One participant representing a nonprofit organization stated:

> I would be an advocate, but I think it depends on the kind of performance funding. I think there are some out there that are pretty bad. There are some that are pretty good. I would say that I am an advocate for well-designed performance funding. But I recognize that there are ones that are probably not as helpful or just poorly designed.

Participants also shared that, although campuses are often the ones arguing that POBF policies are inequitable,

> by and large, faculty, staff, [and] mid-level administrators really have no idea what's going on. Maybe the high level administrators do, but I think they're getting a lot of their information from the advocacy-type organizations or the professional associations in D.C., which also play an important role.

After elected officials, the participants described intermediary, nonprofit organizations such as HCM strategists, Complete College America, the Lumina Foundation, and the Bill and Melinda Gates Foundation, among others, as playing influential roles in not only states' adoption of POBF, but in encouraging policymakers to consider the impact of the policies on equity and to push for better-designed policies. Some participants critiqued nonprofit/intermediary organizations for what they described as unwillingness to consider research that suggests POBF may not always be effective. As one participant explained:

> I think that they are strongly pushing for performance funding, and their version has an equity component, but even if the equity component was smaller, some of these groups would still be pushing performance funding . . . And I think that's why they've pushed back so strongly against any research that brings up negative consequences of performance funding.

Some participants went even further to suggest that the demographics of those in professional advocacy spaces influence the level of priority these

organizations place on equity issues, especially those specific to race. One academic researcher noted:

> I think at the heart of it [is] the disconnect between policy advocate groups and true democratic representation. What I mean by that is that the advocacy space has not been representative of all the voices in the higher education community. As a result, I think it a lot of times reinforces the dominant voices. Which would be voices of either the traditional kind of enterprise of higher education, that has perpetuated a lot of the inequalities that we are trying to remedy today, or it's just a bunch of White folks who don't really think of race, and see race and equity the same way as if we had a more diverse group of people and stakeholders at the table to reframe the discussion.

One POBF advocate offered a different perspective, which suggested that an equity emphasis was a part of what they and their nonprofit organization defined as "well designed, strong, robust models" that are "very clearly linked to attainment and equity needs." The advocate went on to state that they struggle because the "design of these funding models really matter. And there is, in [their] opinion, much stronger designed POBF models that are linked explicitly to attainment needs and do have a focus in some ways on equity." Thus, even the self-proclaimed advocates expressed concern regarding how POBF policies impact equity–a concern that was even more pronounced among the critics.

Can You Stop a Moving Train?

Just over half of the interviewed participants described themselves as either POBF critics or neutral with some concerns. Most of the equity-focused critiques addressed the challenges to academic quality, institutional missions, and the capacity of campuses to serve low-income students and students of color. Some critics were cautious, and noted that they are critics of the previous POBF 1.0 systems, describing them as "ineffective" and causing "adverse consequences," but felt "agnostic" about the new 2.0, higher-stakes systems. The critics also noted that today's POBF systems include a much more diverse group of policy types than what existed at the time much of the research on POBF impact took place. Despite the differences between today's policies and past ones whose impacts have been studied, critics suggest that the negative outcomes of

the 1.0 policies suggest that we should closely monitor the impact of 2.0 policies, especially those on equity.

One of the most common ways states incorporate equity in their POBF systems is to include measures that assign premiums for enrolling and graduating low-income students, students of color, and other underrepresented groups. As a participant representing a nonprofit explained:

> Indiana certainly had a priority element within it based mostly on low income, as does Colorado. And really … all of those states [did]: Ohio, Colorado, Indiana, [and] Oregon in their 4-year sector. They all approach it in a very similar way, which is an increased weighting on the success of those students. So, if a student meets an outcome and that student happens to fall into one of these categories, the institution gets, you know, 1.5 or 1.75 credit for that student. That's kind of a common way that we see a handful of states approaching it.

The participants expressed that, while these are good steps, the emphasis on equity still pales in comparison to other priorities, and thus may not be effective enough to shift campus behavior. Participants acknowledged the importance of properly weighting equity measures. According to a participant working at a nonprofit organization,

> In those cases where there might not be an appropriate weighting attached with [underserved] students … that does have the potential to have unintended consequences of encouraging institutions or sending a signal to institutions to make access more difficult, and ultimately that would affect your equity in terms of increasing attainment.

Other participants shared:

> [While] some states have tried to design POBF systems that encourage equity, other states have not done as much, but the real question is … given that, students that do not come in as academically prepared take more resources, is the incentive in the POBF system larger enough to get colleges to change their behavior?
>
> Recognizing that certain students or low income students or students that come in academically unprepared, which oftentimes unfortunately happens to be a large majority of racially and ethnically minority students. It's in states where there is a clear priority for the success of those students within the funding model. I think that has a strong potential to increase

> equity. Not just in access, but equity in outcome. I think a couple of the key questions that still remain are: Is that enough? Is that enough to mitigate against any unintended consequences of enrolling students that are better prepared, what is the appropriate premium or extra weight to put on and attach to those students with those certain characteristics? Recognize that oftentimes they often require greater investments in terms of resources, in terms of support services.

Another interviewee cautioned against assuming that the only way a campus can improve outcomes for low-income students and students of color is to either limit their enrollment or water down the curriculum. They noted that this kind of thinking is "somewhat-racist [in] that institutions would have to dilute their academics to graduate low income students," and that it is not "a problem solely related to funding; that's a question that is raised within every policy reform and every change we see within higher education . . . so we need to create some type of measure of academic quality that's not related or solely related to outcomes-based funding." They went on to note that

> there were concerns about if we were going to start letting women into colleges, then we would have to dilute academics in order to help them compete. This is a criticism that comes along a lot when one side is trying to expand the student population and the other side feels the only way to expand is to dilute academic quality. I don't think that is true at all. I don't think students don't complete because they can't academically cut it. I think there are a vast number of other reasons why students don't complete.

Interestingly, there were conflicting perspectives on whether underrepresented students are underprepared for the academic rigors of higher education; however, these participants argued that POBF is problematic because it fails to provide enough incentives and resources needed to educate underrepresented students, and does not include measures of academic quality, which could ensure that campuses are actually educating students, and not simply graduating them.

Some of the critics were technical in their responses, arguing that POBF scales simply do not provide enough rewards for the campuses that are enrolling the highest percentages of underserved students. For example, one participant stated that

> in the [Southern State] context for example, flag state [campus] gets just as many points for diversity as [Public HBCU], and that's kind of hard to believe when [Public HBCU] is at 60% and the [state flag ship] is at less than 20%.

In the absence of equity-specific measures, critics noted that there are indirect impacts on equity, primarily through the ways POBF systems favor highly resourced, selective campuses, rather than lower-resourced institutions that primarily enroll low-income students and students of color. However, the impact of what participants described as "stratified" systems of higher education might be more closely related to resources than selectivity because, as a participant suggested, approximately 80% of the campuses impacted by POBF are "open access, open admissions colleges"; thus, critics should be careful not to "point fingers at the admissions process." Instead, they suggest that

> we already have a highly stratified education landscape that is designed to stratify the haves from the have-nots. I think performance-based funding only builds it or doubles down on that promise. It basically puts everybody in competition with each other, and basically that is a recipe for a race to the bottom, where colleges will become more selective as we mentioned, but those that already have the resources to serve students well are just going to perform even better under these models. So I just don't see how performance funding is fundamentally changing that structure. And I don't know that it's designed to.

This participant goes further to suggest that we need an "equity-based funding model, and imbedded performance in the equity-based model instead of the upside-down way that we have it right now." Other participants expressed similar ideas, suggesting that the model would be more equitable if it took into account "institutional resources," or other indicators of a campus' "starting point."

Others argued that, in order for POBF to advance equity, it must either include higher stakes or account for a larger proportion of a campus' state funding in order to have an impact on institutional behavior. One participant explained that

> the question is will they react in a similar way when 5% of the funding is at stake as well as–let's say 20%. And my concern also with some of the previous systems is [that] the amount of funds is relatively small, and colleges look at this and say we may be better off to try to be more selective to move up in the *U.S. News* rankings rather than to try to chase some additional

> performance funds that we are not sure may even be happening in five years. There is no guarantee these new systems even end up coming to fruition, and I am actually somewhat skeptical that states will follow through with cuts to some colleges, just because that's politically difficult to do.

An academic researcher added that additional money is needed in order to shift priorities on the campuses because there are competing interests, such as

> the additional financial costs of educating a student, and the additional amount of money a college would need or want to change and focus on equity. Some colleges may be already focused on equity, and they don't need as much money to change as, say, a striving flagship university that wants more out-of-state students or more high-income in-state students.

Changing Course

With all of the discussion about the challenges that current POBF policies pose to equity, we were curious about whether and how these critiques are currently shaping conversations on policy revision or impacting implementation. Some responded that the impact of the critiques on policy design and implementation was limited because they were unsure if the findings were "actually getting to the states." Others noted that communicating with policymakers "is something the research community generally isn't that good at, and something the advocacy community focuses on . . . these organizations have a goal of trying to disseminate what they want to the states," and researchers must often prioritize peer-reviewed publications in order to obtain tenure.

Despite strong lines of communications between researchers that have critiqued POBF and elected officials, participants did provide a few examples of how the cited concerns regarding differences in institutional capacity and prioritizing underrepresented students are becoming more pronounced in POBF policies. One participant described how a state wrestled with keeping "an institution from … going into this downward spiral where they don't have enough resources to support students, then they lose more funding, and the cycle repeats." In response, the state revised the policy so that, "rather than competing against each other, they were competing against their prior performance. And so, if you improve

upon your prior performance more than another institution improves upon their prior performance, then you'll get rewarded."

The participants primarily discussed how states were making POBF revisions based on the need to better incentivize the success of low-income students, students of color, and other underrepresented student groups. Some revisions have centered on rewarding different types of student success; one participant explained that what "we see in states in terms of how we define equity is kind of the fall back to low-income students"; however, "we [recently] started to see more states extending those definitions to include academically underprepared students."

The participants also noted that some of the approaches to rewarding campuses for success among what were defined as "at-risk" students were problematic, because states "graded institutions based upon the expected graduation [rates] by looking at the demographic of students" to see "how well that institution did compared to how they were expected [to do]," and this created "negative framing." The participant went on to say that this approach had "really negative connotations of what was expected of particularly African American students"; thus, more positive framing that gives bonuses for graduating "at-risk students" is needed.

When asked to identify the factors that seem to influence states to integrate more equity-focused approaches to POBF policies, the participants cited political pressure from the campuses and the influence of the advocacy community. One stated that

> there have been more considerations to equity in the more recent versions of performance funding. Do I think that's informed by the research on prior versions? No. I think it's a little more political in nature, where colleges are noting concerns that, if the system does not explicitly encourage equity, it will result in less equity, which, to some extent is what the existing research has found. But this research is coming out years after colleges and states are making changes. But I think that equity is being considered in many states' formulas. And another way that it can be considered is that some states allow colleges to choose a couple of their performance metrics, so colleges with a mission to include equity can essentially weight that measure more than colleges that could care less.

Another participant stated,

> I think a significant chunk of it is from the advocacy community, where you have Gates, Lumina, and HCM Strategists really pushing their versions of outcomes-based funding, and they are encouraging at least some equity provisions in place. And it is appealing for at least some state governments that, considering [POBF], to basically take this off the shelf plan that these advocacy groups have been working on and implement it at least to some extent themselves.

Although the participants described academic researchers as some of the toughest critics of POBF, they also described a change process, where these researchers were not positioned to directly influence policy change.

Discussion

Each participant described the broad landscape of policy influencers and stakeholders, where perspectives on the relationship between POBF and equity varied by position. Academic researchers were described as being more critical of POBF and its impact on equity. Campuses were described as being most concerned with how POBF could impact their capacity to serve all students, but especially those assumed to be more expensive to educate, like low-income and academically underprepared students. Elected officials were described in many cases as entertaining the inclusion of equity measures, but limiting the emphasis to low-income students and avoiding politically unpopular ideas, such as rewarding campuses for serving students of color. Much of the conversations focused on nonprofit advocacy groups and the prominent roles they play in both the widespread and rapid adoption of POBF policies, and many argued that states must consider how best to incorporate equity priorities into their policies.

The findings suggest that, although many states have begun to include equity metrics, there are still problematic strategies that characterize underrepresented students as deficient, and fail to provide enough incentives for campuses to prioritize equity issues over the faster routes to increased outcomes like reducing access. Without stronger weights or emphasis, these equity metrics may, as Kingdon (2011) described, serve only as "symbols" to appease critics concerned with equity, rather than operate as serious attempts to disrupt stratification in higher education systems. As one participant described, "I see equity as an afterthought with these performance funding models, and oftentimes it's included to

maybe serve more of a symbolic role, or at least put [on] the political cover for the advocates really pushing this reform."

Despite the concern over the level of commitment to equity by POBF advocates, the participants suggested that the emphasis on equity in POBF has increased overtime. Furthermore, it is important to begin thinking about the role of equity in higher education funding policy, especially when so many states allocate such a small proportion of total appropriations to POBF. Additionally, the increasing visibility of social inequities related to race may also create what Kingdon describes as a "policy window" wherein, in the face of increasing public demand, states that have struggled to gather enough political support to include race-related metrics in the past may now consider adopting them. Finally, the findings suggest that, to move POBF policies in a direction that is more equity focused will require communication and collaboration between critics and advocates. The participants suggested that it is the advocates who have the most influence on elected officials and policy design, as do the critics who are positioned to closely examine the impact of POBF; thus, this expertise could be leveraged to design and adopt accountability policies that advance higher education equity.

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CHAPTER 7

Between Words and Action: The Problem with POBF Indictors for Achieving Racial Diversity

Abstract This chapter examines the discourse of diversity as it is framed by POBF models. Using critical discourse analysis, we map the prevalence and parameters of the discourse of diversity within POBF models. Our findings will illustrate the limits and potential negative implications of the framing within POBF models for racial diversity and equity. Recommendations for policymakers, institutional leaders, and researchers about how POBF can be more reflective and purposeful towards supporting institutional racial diversity and inclusion goals will be offered.

Keywords Diversity indicators · Educational proxies for race · Race and educational policy

Introduction

POBF has become a widely used policy tool to improve institutional efficiency and performance in key areas, including retention, degree completion, transfer, and job placement (Dougherty & Reddy, 2013; National Conference of State Legislatures, 2015). More recently, some POBF models have adopted indicators that target institutional diversity. Diversity indicators seemingly express a state's value of improving institutional outcomes for recruiting and retaining students and faculty of color, and graduating historically underrepresented students,

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especially within PWIs. While the use of diversity indicators tied to state funding allocations attempts to incentivize institutional efforts to increase diversity, there has been little examination of the ways in which diversity is framed (or disregarded) by POBF policies and their potential to impact institutional *racial* diversity and equity. This chapter will address this gap in the literature by examining diversity as it is framed by POBF models. Using critical discourse analysis (CDA), we map the prevalence and parameters of the discourse on diversity within POBF models. Our findings will illustrate the limits and potentially negative implications of the framing within POBF models for racial diversity and equity. We will also offer recommendations for policymakers, institutional leaders, and researchers about how POBF can be more reflective and purposeful toward supporting institutional racial diversity and inclusion goals

Literature Review

POBF, Accountability, and Values

The rise of POBF has been well documented and linked to increased demands for accountability and efficiency in higher education from the public as well as policymakers. The espoused theory of action at work for POBF asserts that linking base-allocated funding to specified indicators will incentivize positive institutional changes that will result in better outcomes in the areas targeted by those indicators (Dougherty & Natow, 2015). Indicators for POBF models are not arbitrarily chosen. In many ways, they are a snapshot in time, reflecting the political climate, ideals, and values of state policymakers and their constituents. The focus on retention, completion, transfer, job placement, and diversity are sign posts, emphasizing state values of production, quality, efficiency, preparation, and the goals of equity and access for all students. Consequently, areas targeted for incentivization vary from state to state and over time, and in the beginning stages of the proliferation of POBF, diversity and equity were not commonly addressed in many models.

In an early analysis of state POBF models, Burke (2002) found that the models stressed diversity and equity much less, and that these areas were emphasized more in performance reporting. However, state values and goals are not necessarily static, but evolving. For example, the college completion agenda and focus on higher education's ability to prepare

and place students in job areas that are in demand are a reflection of the present national agenda overall. Likewise, racial diversity and equity has, over the years, gained more attention and become a priority in the national agenda. Therefore, in the subsequent fifteen years since Burke's 2002 study, more POBF models have adopted indicators that place value on diversity and equity. Still, while the value of diversity is becoming more pronounced in state policy, and particularly in POBF models, there has been little examination of the language used to describe diversity and equity. The literature on race and policymaking (Craig, 2013) strongly suggests that most state policies are intentionally vague and neutral in regards to race in particular, even as they target racial diversity and equity goals.

State Policymaking and Racial Diversity in Higher Education

Racial equity and diversity has a long and contentious history in state policymaking. Federal law and policy provide some basic mandates and guidance for how racial diversity should be handled in higher education; however, higher education institutions receive substantial operating budgets from the state, which means that state policies can actively drive and shape the way racial diversity and equity are prioritized and approached by institutions. For nearly a century, state policies have been used to enforce de facto and de jure segregation, as well as the marginalization of minority-serving institutions (MSIs). With the advent of the Civil Rights movement in the 1960s and the Office of Civil Rights oversight, states were forced to prioritize racial diversity more explicitly. But, in the wake of more recent backlash to explicit racial policies and practices such as Affirmative Action, states have begun to show a preference for race-neutral methods of targeting underrepresented students of color, especially within higher education. Both Mendelberg (2001) and Huber and Lapinski (2006) found that political communication and policy are overwhelmingly race neutral. They also found that explicit racial appeals in policy and political campaigns elicit strong and largely negative reactions. Huber and Lapinski describe a "racial penalty" for using language that specifically addresses race, where voters have negative reactions to explicit racial references. While Mendelberg as well as Huber and Lapinski found that most Americans hold egalitarian beliefs, they also found that White Americans especially view references to race in policy and politics as a violation of these egalitarian values.

Thus, the American public has begun to move away from liberal ideas of equality and the role of government, and now reject the notion that the government can and should play a role in solving major economic and social problems (Chiteji, 2003; Drakulich, 2015). This can be seen in general polls about views on public policies explicitly and implicitly linked to race, such as Affirmative Action, desegregation, and welfare (Drakulich, 2015). Therefore, it should come as no surprise that, in an effort to address the egalitarian but vague values of diversity and equity without specifically targeting race, state policymakers often use proxies that are strongly correlated to race. State policymakers often use racial proxies such as socioeconomic status (as determined by eligibility for Pell Grants) and low test scores, both measures that have been highly correlated to race (Carnevale et al., 2015). The use of proxies, however, is not without problems. First, it assumes that populations affected by systematic and historical racism are monolithic in both socioeconomic class and in their preparation for college. Symbolically, proxies also neglect to acknowledge the need and value of racial diversity.

Why Racial Diversity Is So Important to Higher Education

There has been increasing focus on racial diversity and equity in higher education. In addition to the high visibility of racial injustices–that is, campus racial incidents–there has been more student and community activism around race in higher education. With rapidly changing demographics, the disparities between people of color and Whites in the United States as it relates to access to higher education and opportunities to compete for higher paying jobs has become a national concern. In amicus briefs for recent Affirmative Action Supreme Court cases, both business and military leaders advocated for more diversity measures in higher education, citing that diversity is essential for both White and nonwhite students because it cultivates important social and team-building skills essential in today's global society. Diversity has been shown to improve students' comfort with and ability to interact with different groups as well their critical thinking skills. One of the driving rationales behind Affirmative Action is that it is a vital mechanism for improving racial climates by increasing the percentage of underrepresented students of color on campus, also described as structural or representational diversity. A wealth of research has accumulated on the importance of achieving a critical mass of students of color (Gurin, 2004). Critical mass refers to a nonspecific number of students of color that reaches beyond token representation. Low critical

mass can negatively impact an institution's racial climate, creating a particularly toxic campus environment that features heightened experiences with stereotyping, microaggressions, and overt racism (Solorzano et al., 2000), all of which lead to greater attrition (Chang, 2002; Gurin, 2004). But, while increasing structural or representational diversity is an important part of achieving this goal, it is only one part of the solution. For instance, a student's interpersonal environment has a significant impact on their perception of campus climate, relationships, and their willingness to participate in social and academic functions, all of which affect their overall experience (Pascarella et al.,1996; Pewewardy & Frey, 2002).

Attention to racial diversity and racial climate does not only benefit students of color. There is clear evidence that diversity benefits all students by exposing them to a wide array of people, experiences, and perspectives. In her study of Michigan students, Gurin (2004) showed that the educational benefits of increased students of color on campus included civic engagement, critical thinking, greater comfort with conflict and increased awareness about both racial and world views and issues. However, diversity researchers also point out the need for more university administrative attention to diversity beyond representation so that interaction occurs more frequently and real diversity can be realized (Gurin, 2004; Chang, 2002; Smith, 2015).

Conceptual Framework

In previous scholarship, it has been noted that state policymakers often use vague language that fails to adequately and directly address racial equity (Witham et al., 2015). Furthermore, policy often neglects to provide guidance on how to appropriately address equity. To address this problem, Bensimon, Dowd, and Witham (2016) propose five guiding principles for addressing equity in policy and practice. These principles are: 1) clarity in language, goals, and measures; 2) "equity-mindedness" as a guiding paradigm for language and action, particularly when addressing race; 3) equity in practice and policies designed to accommodate differences in the contexts of students' learning, particularly in regards to race; 4) a continual process of learning, disaggregating data, and questioning assumptions about whether goals are relevant and effective; and 5) equity enacted as a system-wide principle.

While these principles may be helpful for understanding how diversity and equity are addressed within policy, to date, they have yet to be

used as a framework for applying CDA to examine state POBF policies related to diversity and equity.

Methods

To address the gap in scholarship on the ways in which POBF address diversity and equity, we will use the five principles outlined in the conceptual framework to examine current policy models. Overwhelmingly, POBF models are presented as race-neutral, and are usually framed without any critical "agenda" or goals. In order to examine and discuss these policies in ways that expose how they may be ineffective or counterproductive toward racial diversity and equity goals, it is necessary to use a critical policy lens. CPA is an approach that seeks to uncover processes, mechanisms, and discourses that may be hidden or unexamined within traditional policy and policy frameworks (Taylor, 1997). There are a number of ways CPA can be undertaken, including the use of counter-storytelling to dominant narratives, CDA, and the application of postmodern, constructionist, and critical theories. We will use a CDA approach to examine the language used to frame diversity goals within POBF models.

CDA is a method of qualitative inquiry that seeks to uncover dominant narratives communicated within text, images, and speech (Aleman, 2015). CDA scholars assert that texts can convey particular ideologies, beliefs, and messages that speak to a wider hegemonic structure in society, which dictate practices and relationships between different groups of people, particularly those in power and those without. Our goals for using CDA to examine POBF policies is threefold: (1) to illuminate how racial diversity and equity are framed (or excluded) within POBF policies; (2) to understand how this framing conveys how the state understands and expects racial diversity and equity to be enacted by institutions of higher education; and (3) to uncover how the current framing of racial diversity and equity may restrict or inhibit transformative efforts to fully realize racial diversity and equity in higher education.

It has been noted that, while CPA is increasingly being used to examine educational policies, there is a dearth of detail about the actual methods and processes researchers use for applying CPA (Aleman, 2015). Therefore, in order to be transparent and to improve trustworthiness, we will briefly review the approach prior to our review of the literature and discussion.

Methodological Approach

There were two phases of this CDA review of POBF policy models. The first phase involved a national scan of all proposed, transitioning, and operating POBF models. In our scan, we examined the language used to describe racial diversity and equity goals. Since discourse analysis revolves around language, it is important first to define and identify what we were looking for within this analysis. Based on the previous literature review, we believed that racial diversity would typically not be explicitly outlined within most POBF models. Therefore, we conducted a search of language which was inclusive of and proxy to racial diversity. As of July 2015, the National Conference of State Legislatures listed 32 active POBF models across 32 states. We examined each of these models for both indicators and areas awarded weighted points for language that referred to specific racial and ethnic groups such as "African-American/Black," "Hispanic/Latino/a," "Asian," or "Native American/American Indian" or the words "minority" and "underrepresented." When race or ethnicity is not mentioned, we also looked for proxies commonly used for race and ethnicity, such as socioeconomic class or "low-income/Pell-grant eligible," students who are described as "at-risk" and/or use the terms "diversity," and "equity." This also means that POBF models that explicitly reference race/ethnicity or minority were automatically excluded from inclusion in the count for POBF models that utilize proxies for race/ethnicity. We debated whether "underrepresented populations" should be used as an explicit or implicit category because it does not refer specifically to race, but may be inclusive of racial diversity as "underrepresented populations"; however, this could also include a number of other categories such as geography, ethnicity (exclusive of race), gender, ability, and perhaps even sexual identity. Ultimately, we included this term in the count of explicit racial diversity and equity metrics and weights because most groups of students of color are always underrepresented, whereas not all groups or members of underrepresented students of color necessarily fit the criteria for other categories utilized for proxies.

For the second phase of the scan, there was much more probing into the actual rationale and framing of the POBF policies, taking note of any additional proposals, conceptual frameworks, and explanations provided to explain the language and/or rationale behind the use of metrics or weights that either explicitly or implicitly referred to racial diversity and equity.

Analysis

Of the 32 states with active POBF programs, over half (n = 20) included either proposals or plans that have indicators and weights explicitly targeting racial diversity and equity. Additionally, 14 states utilize proxies that may be used to address racial diversity and equity. It should be noted that there was significant overlap between the count of explicit and implicit metrics employed by the states.[1] While these numbers may seem promising, there are some caveats and challenges with the framing of racial diversity and equity within these models that we will review below.

Explicit Indicators and Weights for Racial Diversity

The 20 states that utilize outcome metrics or weights that explicitly refer to race, ethnicity, or minority populations are Arkansas, Colorado, Connecticut, Florida, Hawaii, Illinois, Iowa, Kansas, Maryland, Massachusetts, Minnesota, Montana, Ohio, Oregon, Pennsylvania, and South Dakota. Of greater interest is whether racial diversity and equity are optional or required metrics or weights, whether they are included in the state's broad model or in tailored institutional agreements, and how they are framed (see Table 7.1). We found that not all of these racial diversity and equity metrics and weights are mandatory or system-wide. Seven states allow only optional use of explicit racial diversity and equity metrics or weights. For example, Florida has a racial diversity metric, and only two schools (Florida Gulf Coast University and Florida Atlantic University) have formal agreements that incorporate these metrics. Also, only four of these states—Hawaii, Kansas, Montana, and South Dakota—target one particular group of students of color. It should also be noted that two of these states (Connecticut and Oregon) are in transition, and one state (Maryland) only has a serious proposal, but has not formerly adopted or moved toward transitioning its POBF proposal into operation. Finally, in New York, the POBF policy only applies to two-year institutions. Keeping these caveats in mind, of the 32 states seriously considering or using POBF, there are actually only 8 POBF models that have made inclusive racial diversity and equity a core requirement, and only six of these eight models are *actively* operating at the moment.

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

State	*Language used*	*Metric or weight*	*Core, compulsory, or optional*	*Source*
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)
Maryland (proposed)	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)

State	*Language used*	*Metric or weight*	*Core, compulsory, or optional*	*Source*
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)

[a]Optional and only included in a select few institutional agreements
[b]State was also included in the racial proxy count because there was only reference to one particular race/ethnicity for the explicit metric or weight.

Proxies and Implicit Language

Without actually interviewing those responsible for constructing the POBF models we examined, it is impossible to discern whether racial diversity and equity were even considered a priority. However, based on the literature, we know that there is a clear history of policymakers using language that implicitly targets race by identifying proxies that would capture racially underrepresented groups. Of the 14 states that currently employ or are considering the use of proxies typically inclusive of racial diversity and equity, five include states that were already counted in the explicit tally (Arkansas, Florida, Hawaii, Montana, and South Dakota). This means that there are only five states that have no explicit or implicit metric that addresses racial diversity and equity.

As Table 7.2 demonstrates, the most universal proxy used is socioeconomic status (n= 13), and it is usually measured by a student's ability to qualify for a Pell grant. Socioeconomic status is often recommended as a proxy for racially underrepresented populations because it is politically more appealing, addressing both marginalized racial groups as well as poor Whites. Another common proxy that often addresses racial diversity is the word "at-risk," which is used as an indicator in six POBF models. These six models make clear delineations for what "at-risk" means, and "socioeconomic" is used as one of the primary criterion for the "at-risk" category in all six of these models.

A Closer Look

In our examination of the legislation of each of the states' proposed and active POBF models, we found two interesting trends. First, for some states, there are more explicit references to racial diversity and equity in the framing of the state's goals for POBF; however, in the actual model, they may only use proxies. For example, in the narrative of New Mexico's POBF plan, the aim of the "at-risk" metric is specifically described as targeting the Hispanic population. The second goal is listed as:

> [To] reduce the gap in achievement between Whites and Hispanics, and between rich and poor in the state, so that all New Mexicans have a decent shot at the good life, if they are willing to prepare well and study hard. (New Mexico Legislative Finance Committee, 2011)

Table 7.2 State POBF Proxies for Racial Diversity

State	*Proxies*	*Metric or Weight*	*Core, Compulsory, or Optional*	*Source*
Arkansas	At risk students	Metric	Compulsory	Arkansas Department of Higher Education (2015)
Florida	Undergraduates with a Pell Grant	Metric	Core	The Florida Senate (2013)
Hawaii	Low-income students	Metric	Core	Hawaii State Legislature (2008)
Indiana	At-risk (Pell-eligible) degree completion	Metric	Core	Indiana Commission for Higher Education (2013)
Maine	Pell Grant recipients	Weights	Core	University of Maine System (2013)
Michigan	Pell Grant recipients	Metric	Core	House Fiscal Activity (2014)
Montana	Economically disadvantaged	Weights	Core	Montana University System (2015)
Mississippi	At-risk students (Pell recipient, ACT score of less than 19, 25 years and older	Metric	Core	Mississippi State Institutions of Higher Learning (2013)
New Mexico	At-risk	Metric	Core	New Mexico Legislature (2015); New Mexico Higher Education Department (2013)
New York	Academically at-risk due to economic disadvantage	Unclear	Unclear	New York State General Assembly (2015)
Oklahoma	Pell Grant retention rate	Metric	Core	Oklahoma State Regents for Higher Education (2015)
Rhode Island	Socioeconomic status	Weights	Core	State of Rhode Island General Assembly (2016)
South Dakota	At-risk Low-income	Metric	Core	South Dakota Legislature Legislative Research Council (2015)
Vermont	First-generation Low-income	Metric	Unclear	Legislature of Vermont (2015)

Increasing Hispanic participation and closing the achievement gap between Hispanics and Whites is also listed as a priority for the state. Yet, for the actual POBF model, there is no mention of Hispanics or racial diversity. Similarly, in Massachusetts, the narrative for the General Appropriations Act for the state's POBF model explicitly discusses closing the achievement gap between minority and White students; however, there is no explicit mention of race or racial diversity and equity goals in the actual POBF model. In contrast, the narratives for both Vermont and Utah identify the "traditionally underserved" as pertaining to socioeconomic and first generation status.

Among those models that explicitly address race, there is a wide disparity in the range of detail describing racial diversity indicators and weights. The most in-depth and critical framing of racial diversity and equity goals can be found in the Pennsylvania POBF plan. It is the only model of the six that provides a conceptual framework for "transforming students and the learning environment" (PASSHE, 2011). Pennsylvania also has the most extensive number of explicit racial diversity and equity goals in its POBF.

In one of its core areas of target, "access," the conceptual framework specifically states:

> [The Pennsylvania State System of Higher Education] **PASSHE must ensure that the students who learn in its universities reflect the diversity of the communities from which they come**, that the faculty and staff who teach and support them do as well, and that students are well prepared to enter a global workforce. (PASSHE, 2011)

In this model, it is unclear how equity goals and diversity would be measured in MSIs, as the language appears to be aimed at institutions that have traditionally excluded–or at least not widely included–nonwhite students and faculty.

The Maryland POBF proposal also explicitly addresses racial diversity as a goal; however, this policy has not yet been adopted. The Virginia POBF plan, on the other hand, addresses racial diversity and equity in several ways. First, it addresses four goals, which include affordable access, student success, change and improvement, and economic and cultural prosperity. Second, it is highly differentiated according to institutional goals and missions. For example, George

Mason University's proposed initiative to provide access to nontraditional populations, including underrepresented populations, is addressed in the POBF plan. Institutions are also given three options for addressing student success. Option #2 explicitly states "funds will be distributed based on an allocation strategy tied to performance, **such as the percent of under-represented student enrollment and graduates**" (State Council of Higher Education for Virginia, 2015, pg. 17).

Other POBF plans that address racial diversity and equity explicitly, such as Illinois, Arkansas, and Ohio, only offer clarification. For example, the Arkansas POBF plan provides the following detailed description regarding its optional indicators for minority graduates for both two- and four-year institutions:

> This is an overall headcount of any credential (Technical Certificates and above) awarded to persons **identified as Asian only, Black only, Hispanic any, American Indian/Alaska Native only, Hawaiian/Pacific Islander only or Two or More Races**. Unknowns, Non-Resident Aliens, White and Other graduates are not included. (Arkansas Department of Higher Education, 2015)

Discussion

Huber and Lapinski (2006) describe an electoral and political penalty being attached to the use of overt racial language in policy and rhetoric, where explicit references to race can have a negative affect and provoke backlash among Whites. As a result, policymakers often use vague language with broader appeal. At first glance, however, the threat of the racial penalty Huber and Lapinski (2006) described does not seem to have deterred state policymakers from including racial diversity and equity as a goal within POBF models. In fact, over half of the models we examined explicitly target racial diversity and equity. Even for those models that address racial diversity and equity implicitly with proxies, there are frequent references to racial diversity and equity as a goal in the narrative attached to the policy. However, there are many caveats and problems with the way racial diversity and equity are currently framed within most POBF models.

The Problem with Both Explicit and Implicit Racial Diversity Indicators

Limited Diversity

Some of the models which employ explicit references to racial diversity and equity only target one or two racial/ethnic groups. While efforts to attend to the gaps between groups that have been historically marginalized and disenfranchised within particular states is admirable, limiting racial diversity and equity goals to only a few groups can limit efforts to recruit and retain other historically underrepresented racial populations. It also reifies White supremacist models of limiting the types and number of students of color within historically White institutions.

Addressing the Symptom Instead of the Sickness

While POBF models that attempt to implicitly incentivize racial diversity and equity are certainly a step in the right direction, by avoiding race, they fail to address the root of the problem. Not only do proxies fail to address the issue of racial disparities, but they negate the impact of racism and racial marginalization, which can affect student access, attrition, and graduation, independent of proxies. In fact, proxies such as socioeconomic status and preparation are often systematic symptoms of the larger problem of racism. In states such as Michigan, where there have been referendums to ban race-conscious policies like Affirmative Action, it may be politically riskier to target race explicitly; however, since the advent of the ban, it may be more necessary than ever to stabilize the loss of enrollment of students of color.

Diversity Without Inclusion

Structural racial diversity has been shown to lead to more informal interactions and dialogue between White and non-White students (Park, 2014; Pike & Kuh, 2006); however, diversity researchers caution that there needs to be more attention paid to diversity beyond representation for achieving inclusion, a critical goal for institutions that wish to sustain and expand racial diversity. Discrimination and marginalization can negatively impact non-White student grades and test performance (Carter, Locks, & Winkle-Wagner, 2013; Museus & Jayakumar, 2012), as well as attitudes and development while in college (Pascarella, Edison, Nora, Hagedorn, & Terezeni, 1996). In fact, Pascarella et al. (1996) demonstrated that White students' openness to diversity and students' of color student

development are both significantly linked to purposeful policies and programs that sensitize faculty, administrators, and students to issues related to diversity and equity. State policies can play a vital role in addressing inclusion to better support both state and institutional diversity and equity goals.

Low Priority

As previously noted, many of the explicit racial diversity and equity metrics and weights were optional, and were only negotiated with specific institutions. Letizia (2015) asserts that POBF models are neoliberal mechanisms designed to maximize capital and increase training to improve competitiveness in the global market of higher education. This has also been largely confirmed by policymakers who design POBF models, who often cite efficiency, quality, and improving student performance in college and on the job market as rationales for the model.

One of the challenges to the neoliberal philosophy undergirding POBF models is that the chosen indicators are meant to target values that have explicit market value. Values that are not seen as market centered, also known as externalities, are largely ignored or not prioritized. Additionally, while diversity is currently regarded as a marketable commodity, and an essential element towards creating global and multiculturally competent leaders, this view of diversity is very shallow and vague. It does not specifically identify racialized (or any other) aspects of diversity.

As previously noted, many of the explicit racial diversity and equity metrics and weights in the POBF we examined were optional, and were only negotiated with specific institutions. The devaluing of racial diversity and equity by state POBF policy is confirmed by McGowan's (2016) analysis of the reporting of performance outcomes. Her study revealed that most colleges and universities place value on reporting their performance in enrollment trends, graduate student participation, and, to a lesser extent, retention and graduation rates and institutional rankings. Diversity and improvements thereon are low or non-existent when discussing "performance outcomes." In fact, racial diversity is almost exclusively located within the "Student Profiles" section of most "Fast Facts/Institutional Information" webpages.

Lack of Capacity Building

Many POBF researchers have noted that POBF lacks guidance and support for the kind of institutional capacity building and organizational learning

necessary to improve institutional outcomes (Jones et al., 2015). This is certainly the case in racial equity and diversity goals. Rutherford and Rabovsky (2014) assert that the espoused theory of action behind POBF, the belief that incentivizing performance goals will aspire institutions to act, is presumptuous. They suggest that, without clear goals and knowledge about how to fix what is not working, POBF will fail to make an impact on outcomes. This chapter demonstrates that most POBF models fail to clearly articulate racial diversity and equity goals and how they should be achieved. More important, current POBF models fail to address the essential goal of inclusion necessary to achieve the type of institutional transformation needed for sustained and expanded racial diversity and equity.

Conclusion and Recommendations

This critical discourse analysis examined the language used to frame diversity goals within POBF models to show how POBF models often use neoliberal presuppositions that commodify diversity in a way that does not support transformative diversity within higher education. Of the 32 states currently using POBF models, there are only 6 active examples of POBF models that explicitly address racial equity and diversity, and only two of those models provide a more detailed descriptive explanation and vision for their racial diversity and equity goals. None of the models we examined address one of the most essential components of sustaining diversity: inclusion. Racial diversity indicators and proxies designed to address racial diversity also fail to address or provide institutions support for the type of capacity building needed for sustaining long-term racial diversity and equity goals. In its current form, the neoliberal approach to framing diversity as structural and representative instead of an essential component of learning and development limits its ability to be realized. In order for state policymakers to truly address racial diversity and equity, they must make politically courageous decisions to conscientiously address these goals explicitly, in policy as well as in measures and language that provide a vision and pathways toward cultivating inclusion.

Note

1. States in which only one racial or ethnic group was explicitly specific, or where the explicit racial diversity metric option was also counted in the proxy scan.

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CHAPTER 8

Toward a New Framework for Funding for Equity

Abstract In this chapter, the authors propose a new framework for using higher education funding and policy to advance equity issues. This new framework challenges the existing framework that focuses on inputs and outputs, ignores issues of institutional capacity, and rarely involves campus leaders in policy development and implementation. This chapter also addresses how POBF in particular is changing the purposes/goals of higher education. Finally, it provides recommendations for policymakers advancing equity within existing policy structures.

Keywords Policy recommendations · Accountability policy · Equity

Introduction

In our quest to improve higher education opportunities and outcomes, it is important that even equity advocates are not blinded by the flavor of the month. This book is not anti-POBF, but is instead an analysis of how this emerging funding system disrupts or perpetuates existing equity challenges in higher education. As CRT suggests, systems of inequality are complex and adaptable; thus, without intentional changes, we should expect that, regardless of name, any funding system will likely perpetuate social inequality, especially by race and class. As seen in any successful effort to dismantle structural inequality, more than good will is needed, hence the prioritization of racial equity must be required. Herein is

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presented the unique opportunity to capitalize on the current accountability climate by shifting the gaze from expecting students and institutions to defy the odds, to engaging systems of power to *change* the odds. This can be done by supporting and prioritizing equity in higher education accountability systems, so that accountability policy can actually become a lever to improve equity.

The purpose of this chapter is to propose a new framework for using higher education funding and accountability policy to advance equity issues. This new framework would challenge the existing one, which focuses on inputs and outputs, often ignoring student experiences, institutional capacity, and effort. This chapter will also address the limitations of POBF and how these policies are changing the purposes/goals of higher education. Finally, we will attempt to bridge the gap between equity and policy conversations by providing recommendations for effective responses to policy for those working on higher education equity issues, and providing policymakers and advocates with recommendations for advancing equity within existing policy structures. Some of those recommendations include engaging campus leaders in the policy development and revision process, incorporating measures of campus climate into existing systems, and providing support for capacity development.

A New Framework

In their current configurations, POBF policies pose two critical threats to equity. The first involves their operating much like merit aid programs that reward campuses with privilege and often disadvantages those with fewer resources. The second is related, but distinct: the "value added" experiences campuses provide to students are largely not considered, and are reduced to the most available measures. Some states use metrics not characterized as inputs (i.e., enrollment) and outputs (i.e., graduation rates), but instead categorize what happens between enrollment and graduation as either process or progress measures (Jones, 2014). The challenge is that these measures are currently limited to available completion-oriented metrics such as credit accumulation and retention rates. Although credit accumulation suggests successful course completion, it does not directly measure the quality of classroom experiences or learning. And, although retention rates reflect students' and institutions' decisions to continue enrollment, they do not measure the quality of students' experiences. Quality of in- and out-of-classroom experiences

must be prioritized to ensure that low-income students and students of color are having equitable higher education experiences. Thus, I propose an accountability framework that considers: (1) the institutional effort or the ability of institutions to effectively serve students with their available resources, and (2) students' experiences during college–that is, campus climate.

From Institutional "Merit" Aid to "Need-Based" Aid

As Montgomery and Montgomery (2012) argue, institutions that need to improve their outcomes need more financial support, not less. Furthermore, as was seen when shifting from need-based to merit aid for students, institutional merit aid in the form of POBF results in: (1) increased stratification by helping those who do not need it, and stripping aid from those who do, and (2) deterred challenge/rigor. For student merit aid, the decrease for challenge/rigor was seen in the decreases in STEM participation for students who were fearful of losing aid as a result of their inability to meet academic performance requirements; thus, they opted for what were perceived as easier majors (Sjoquist & Winters, 2015). Similarly, institutions with POBF have aimed for increases in certificates rather than degrees, and have discussed becoming more selective in an effort to boost their performance numbers without actually increasing opportunities for existing students (Hillman et al., 2015; Dougherty & Reddy, 2013).

One cannot fully understand the impact of, and institutional responses to, POBF without first considering the historical context, available resources, and student needs. Oftentimes, higher education systems use methods like POBF formulas that compare campuses to one another in order to suggest that institutions with similar classifications should be able to produce similar results. However, without a conversation about institutions within the contexts of market-based systems, competitors will adopt only the most "effective" practices and strategies. Higher education institutions operate in a vast array of contexts that, in addition to demographic inputs, drive outcomes.

Existing financial resources is one of the most obvious contextual factors that directly influence an institution's ability to serve students. It should be no surprise that an institution with a much larger endowment might have higher graduation rates. For example,Central State University, Ohio's only public HBCU, has an endowment of approximately

$2 million. The University of Akron has ten times as many students, but their endowment is nearly 100 times that of Central State at almost $200 million. In 2013, the performance-based funding allocation from the state was approximately $3,000 per student at Central State, while the per-student funding allocation at the University of Akron was over $4,000. Why allocate more per-student funding for much wealthier campuses? In what way can rewarding the same funding "winners" and "losers" help institutions improve? What is the best use of state funds?

The ways in which we view the role of existing resources must also be inclusive of the historical relationship between the state and the campus. For example, in the case of South Carolina State University, the state legislature described a 2015 decision to close a public historically Black university for two years based on financial difficulties; however, this decision is colored by a history that includes the lack of land grant matching, the permission of academic program duplication at neighboring PWIs, and underfunding (Lee & Keys, 2013; Denby, 2015). The aim is not to use historical context or financial resources as an excuse for what some characterize as poor outcomes; however, threatening an institution's funding as a means to spur innovation and improvement assumes that campuses have the resources they need to operate more effectively, but lack the incentives to do so. It also expunges the state from their role in shaping the current conditions of the campuses. An equitable funding system would account for such inequities by awarding more funding to institutions that have less, especially when there is a demonstrated history of past funding inequities.

In addition to measuring performance on specific outcomes-oriented indicators, policymakers could design more holistic accountability systems that examine effective resource management and capacity building. States could also offer grant-style resources for specific capacity-building initiatives that are critical to completion, such as innovative approaches to developmental education. States are more engaged than ever in designing policies that encourage practices they hope will impact institutional effectiveness and outcomes. Some examples include mandating tuition caps and reducing or eliminating traditional developmental education courses. We propose that states advance this engagement by providing funding for low-resourced campuses to participate in these strategies and to work more closely with campus leaders to design and implement these approaches.

Another important part of capacity building is providing incentives for creating and sustaining an operating technological structure for every campus. In some cases, one could examine per-student expenditures of the lowest resourced campuses in some states and be led to believe that these campuses receive more funding than others in the state system. However, because of their small enrollment, endowment, and historical financial neglect, items like a wireless Internet system and technologically advanced data systems are difficult to finance. Even if a campus receives more per-student funding than their peers, if those peers have more than five times the student enrollment, they are better equipped to create and sustain technology-heavy infrastructures. One may also wonder why it is the states' responsibility to "subsidize" struggling campuses that may simply need to close, and POBF might make it easier to identify those problematic campuses. The only problem is that public colleges and universities are not private businesses in a market economy; they are publicly subsidized by tax payers in historically inequitable ways that advantage society's wealthiest and Whitest. And it is those historically and continually inequitable investments that allow campuses to flourish. States must also deal with the fact that it is their low income citizens and citizens of color who are least represented at the campuses in which the states have invested the most, thus it is the state's responsibility to distribute public support of campuses in equitable ways. Hence, states with public HBCUs, community colleges, and other historically low-resourced institutions have an incentive to support their capacity-building. Finally, POBF is well positioned to advance equity in higher education when it includes incentives for wealthier institutions to serve low-income students and students of color, and invests in campuses that primarily serve low-income students and students of color.

Equity Is Not Just Inputs and Outputs . . . It's Also Experiences

Many POBF policies and other higher education accountability systems include equity-related measures that credit institutions that create college access for underserved groups like low-income students and students of color. However, a critical piece missing from the equity measures is what actually happens in regards to race and equity during the college experience. Many would suggest that providing a healthy campus racial climate for students of color is key to this population's long-term success; this may be what MSIs do well, and some otherwise seemingly successful PWIs do

not do as well. Without moving beyond the enrollment of students of color to include measures of campus climate, institutional racism, and the experiences of students of color, it is difficult to determine which campuses are doing well and how to reward them. It is not to suggest that focusing on experiences is an alternative to inputs and outputs, but rather to allocate more funds based on what is happening between inputs and outputs. The result is a funding approach that allows diverse institutions to meet the needs of their diverse populations, ultimately helping states reach their higher education goals.

Although there are a number of ways to define student experiences, for the purposes of this book we will focus on issues of race and racism. A first step is accounting for and rewarding campuses for effectively preparing students to deal with racism, and effectively addressing issues of racism on campus. One potential indicator is McMickens's (2011) concept of "racism readiness." McMickens's (2011) interviews and focus groups with over 80 HBCU graduating seniors and alumni revealed that the HBCU context had prepared them for encountering racism in the postgraduate environment, providing some possible explanation for the postgraduate success rates of HBCU graduates. HBCUs provided students with the following: (1) a safe space (HBCUs provided an informal, open, and comfortable space for students to discuss issues of race and racism); (2) personal empowerment (HBCUs provided empowering messages of self-worth and friendly competition to students); (3) learning cross-contexts (involved messages that faculty and staff members/administrators conveyed to students about the HBCU versus PWI contexts; professionals also reiterated the importance of learning etiquette, including the proper and appropriate ways to dress, eat, interview, and speak in predominately White workspaces); and (4) socializing exceptionalism (explicit and implicit messages of expressing best efforts and being exceptional in both their collegiate pursuits and afterwards).

Racism readiness is an example of something that campuses–but especially HBCUs–can provide to their students that can lead to desired outcomes, such as earnings and postbaccalaureate degree attainment. Hence, racism readiness could be a measure of institutional performance that may be particular to the HBCU context, but is also linked to desired student outcomes. Policymakers interested in holding HBCUs accountable for "racism readiness" could measure the indicator using student survey instruments. Similar to McMickens's (2011) study, the survey could be administered to graduating seniors and alumni, and include questions about how prepared

respondents felt to deal with issues of race and racism in the postgraduate environment. The survey should include spaces for written responses, where participants could report ways that their institution prepared them to deal with racism, in addition to questions about specific strategies for teaching about racism, like curriculum inclusion and informal mentoring.

Beyond the HBCU and MSI environments, there are opportunities for PWIs to demonstrate a commitment to more effectively addressing issues of racism on campus. Across the nation, Black students have engaged in activism that has brought national attention to the challenges of students of color at PWIs. For example, Black students at UCLA reignited the hashtag #BlackBruinsMatter after a predominately White fraternity and sorority threw a racially themed costume party (Rocha, 2015). In fact, every year, particularly during Halloween and back-to-campus celebrations, White students on predominately White campuses are highlighted for overtly racist actions, such as wearing Blackface as a part of costumes at racially themed parties. There have also been other, more aggressive acts, like the University of Oklahoma's Sigma Alpha Epsilon chapter's being recorded singing a racist chant that suggested lynching Black students (Svrluga, 2015). With numerous campuses making national headlines, university administrators are being challenged to address racism as well as campus climate issues. Student organizers often make demands in response to these incidents to the university. The demands often include hiring more faculty of color; removing other symbols of racism from campuses, including buildings named after known slave owners; and even paying reparations for the money campuses earned through slavery to pay for these efforts.

While students' engagement with the well-being of the campus and their peers should be encouraged, our concern is whether, after the news stories disappear, and student activists return to their responsibilities of being students, there are other accountability systems in higher education that can hold these campuses accountable for responding to student demands. Furthermore, if POBF and other systems of higher education accountability are truly aiming to make college better for students, then these concerns around issues of racism should not be neglected. We propose a framework that would hold campuses accountable for implementing strategies that would require students to be educated on racism and structural inequality in society.

Currently, student affairs professionals across the country work tirelessly to implement "programs" to educate students about diversity with the ultimate goal of curbing overt expressions of racism; however, academic

affairs offices have rarely been *required* partners in these efforts. Academic freedom means that campuses must tread lightly in their determination of what happens in the classroom, and even how they respond when overt racism takes place on campus. The first principle of Academic Freedom suggests that "teachers are entitled to freedom in the classroom in discussing their subject, but they should be careful not to introduce into their teaching controversial matter which has no relation to their subject (American Association of University Professors, 1940)." This is not an indictment against academic freedom, but rather a call for us to consider the residual effects of the ways in which maintaining academic freedom has meant that campuses resist "mandating" how issues of racism are handled in the classroom. Campus efforts to curtail overtly racist practices like racially themed costumes continue to operate on the periphery; for example, after one on-campus incident, Ohio State University did little more than release a video discouraging college students from dressing in racially offensive costumes.

Many campuses have attempted to address race in the curriculum through diversity courses, which address historical and contemporary issues surrounding race, gender, social class, age, culture, disability, and sexual orientation in order to encourage political, social, and economic tolerance (Chang, 2002; Holland, 2006). The Association of American Colleges and Universities defines a diversity course as one relating to stereotypes, the nature of prejudice, and the advantages and challenges of a multicultural society (Humphreys, 2000). Research suggests that classroom learning and, more specifically, diversity courses, can play an important role in helping students become more aware and open to diverse groups (Chang, 2002; Holland, 2006; Hurtado, 2007). Consequently, we understand that simply offering courses is not sufficient. Universities will have to consider designing diverse course curriculum, determining credit hours, and outlining requirements, among other factors, if they want to make a real impact on student openness to diversity and, ultimately, their campus climate.

In addition to courses, it is important for campuses to also consider the role of faculty background and expertise to facilitate important conversations on race and race relations. Academic affairs officials and faculty members must include representation from diverse groups, and more faculty of color are desperately needed, as nearly 90% of full-time professors are White (National Center for Education Statistics, 2013). Thus, when universities like UCLA take steps to address the plethora of racial issues present on their campuses through the introduction of diversity courses (Jaschik, 2015), it is imperative for officials to consider not only

the courses offered, but faculty racial demographics, and the inclusion of content on race into all of the curricula. In this way, colleges will be taking preemptive measures to improve race relations and campus climates, rather than simply react to the next inevitable incident of racism. Including issues of race and racism in the curricula and hiring more faculty of color are simple examples of different ways to account for how campuses are creating positive racial climates. It is our recommendation that POBF experts continue exploring how the issue of campus racial climates can be measured and included in the funding systems that hold campuses accountable, since it is an indication of how well they are serving all students, and especially students of color.

Recommendations for POBF Policy Design and Implementation

Mission Differentiation Should Include MSIs

Because student outcomes have such a direct impact on institutional funding, it is possible that universities may attempt commonly used strategies to improve student outcomes, such as becoming more selective, or broadening applicant pools. Both of these, however, can be problematic for niche institutions like public HBCUs, which have traditionally served as points of access to higher education for Black students (Minor, 2004). One should not assume that HBCUs and other open-access MSIs will be able to easily attract more academically competitive students, nor that they may use their limited resources to cater to desired student populations by offering more academically challenging courses, Their limited resources might require them to eliminate many developmental education courses in order to do so. Additionally, regardless of what group of students the institution aims to attract, strategies such as offering scholarships, increasing programs, and attracting competitive faculty require additional resources that many low-resourced, nonselective, public MSIs do not have. Thus, the emerging research on how MSIs are responding to POBF demonstrates a concern with the ways in which access to adequate funding allows such institutions to accurately report the newly required data and address the competing priorities (Jones, 2016).

Given the historical and contemporary challenges of differential funding and unique missions, there needs to be a conversation about how to

effectively "judge" or "evaluate" MSIs in ways that foster institutional success. In selecting variables to measure HBCU performance, it is important to consider their capacity to focus on particular areas of improvement given their resources and competing interests. It would be helpful for organizations that work on capacity building at MSIs, like the Southern Education Foundation and the United Negro College Fund, to provide insightful instructions on which variables could lead to greater improvement, and what commonly used metrics are either adaptable or inapplicable in the MSI context. For example, it may make logical sense to simply invert racial diversity metrics used for predominately White campuses and hold HBCUs accountable for the enrollment and graduation of non-Black students. However, such metrics may challenge the already-limited higher education opportunities for students of color; as such, partner organizations can provide insight into what diversity could or should look like at MSIs, and make suggestions for how to hold MSIs accountable without necessarily threatening their missions.

Align Funding Allocations w/State Equity Goals

An equitable funding scheme would provide efficient-level funding for institutions to successfully meet state goals for higher education. Ideally, considerations for equity would already be infused into these state goals, but it they are not, that issue would have to be addressed first. Put differently, if states have not already prioritized equity at least in thought, it will be reflected in their funding systems. Most states have a goal to increase degree completion; however, an equity-infused goal would include objectives to close gaps in degree completion that exist between populations like low-income and wealthy students. A racial equity goal would focus on closing gaps in graduation rates by race and increasing the overall performance of the campuses where students of color are concentrated. Thus, designing an equitable funding scheme starts with articulating clear equity goals that are infused into the state's goals for higher education. Including equity means that state goals would become more complex; thus, states should view their diverse set of higher education institutions as an asset, and offer special considerations for ways to fund them accordingly as a critical part of achieving their state goals for higher education. Therefore, states must examine how these goals can be met by leveraging the benefits of a diverse set of institutions that may include community colleges, regional comprehensive universities, research

universities, and MSIs. Finally, states should provide funding and support in a way that enables and incentivizes institutions to continue serving diverse groups of students effectively.

Thankfully, higher education has progressed in a way in which many states espouse goals to address equity and/or diversity. However, few have successfully designed an approach to funding higher education that is aligned with their stated equity goals. For example, many states have goals to increase degree completion for underrepresented students of color, but their historically Black colleges and universities have the lowest per-pupil as well as overall funding. These discrepancies also exist for many community colleges, which serve the largest proportions of low-income students, thus demonstrating the perpetual misalignment between funding allocations and state equity goals. An ideal system would rectify that by ensuring that the campuses serving the populations identified in the equity goals also receive equitable funding. Equity is different from equality, so this means that these campuses might require equal or even more funding to serve their populations effectively. We have provided additional recommendations below:

- Make sure equity measures are given proper weight in comparison to other metrics.
- Address race directly; although related, income will not account for the full impact of racial inequality.
- Explore measures of campus racial climates and reward campuses that are performing well.
- Utilize inclusive data that counts underserved students, like transfer and part-time students.
- Monitor campus tendencies to push students through (certificates vs. degrees), and include incentives for high-demand degree programs.
- Invest in capacity building at low-resourced institutions.

Final Thoughts

Although POBF policies are written with race-neutral language, as CRT suggests, it is likely that the outcomes are not race-neutral, and that people of color may be differentially and negatively impacted. Similar to McKinney and Hagedorn's (2015) analysis of POBF for community colleges in Texas, it seems that, in many of our state analyses throughout this book, campuses

are financially disadvantaged by serving the most disadvantaged students. Oftentimes, campuses serving smaller proportions of students of color and low-income students were awarded larger totals and per-student averages of POBF. Additionally, one may assume that low-income students may require additional institutional funding to serve, but in the case of POBF, the campuses serving low-income students of color can also lose funding because they are serving these groups. For example, in the case of Florida, the state's only public HBCU, FAMU, did not earn any new POBF in 2015/2016, in part because of the average cost per undergraduate degree. Consequently, the Matthew Effect, or the phenomenon by which those with privilege are more likely to become more privileged, and those without privilege are more likely to remain without it, seems to be evident in POBF allocations (Merton, 1968).

While the purpose of a POBF formula is to reward high-achieving schools, it is also important to consider the significant damage an already financially struggling university could experience. In the case of Ohio, the endowment at Central State University is just over $2 million, while the endowment at Ohio State University is over $3 billion. Additionally, Ohio State University receives more than double the per-undergraduate student funding of Central State University, and Central State was projected to see a decrease in their POBF between 2013/2014 and 2014/2015. Scholars suggest that it is unlikely that decreasing funds would stimulate increased progress and performance (Gansemer-Topf & Schuh, 2006; Shin, 2010; Zhang, 2008).

CRT suggests that one should expect that, even when written in race-neutral language, policies will have unique implications and impact on students of color and institutions who owe their existence to a history of formal racial exclusion in higher education. These assumptions are not strictly theoretical; in fact, several analyses of state funding and public HBCUs demonstrate a history of differential funding (Minor, 2008; Boland & Gasman, 2014; Lee & Keys, 2013); therefore, future analysis of POBF impact should continue to include findings disaggregated by institution and/or institution type, so that the impact on MSIs and the students of color who attend them can be better understood. Additionally, as research on the cost of an adequate college education emerges, it will be critical to examine how the racialized histories and identities of MSIs relate to funding levels, and whether those levels are "adequate" (Wisconsin Hope Lab, 2015). Such analyses could help states assess and incentivize institutional performance in a more equitable ways.

It is possible that POBF policies could encourage racial equity through the inclusion of equity-related metrics. As interest convergence (Bell,1980) would suggest, it is difficult to get support for policies that clearly benefit people of color while the benefits to Whites is less clear. Therefore, many states hesitate to address race explicitly, even within their equity-related metrics. Instead, most opt for measures related to income, thus racial inequities in funding persist and, even more important, institutional effectiveness is not supported. Finally, states are actually well positioned to influence institutional effectiveness at public MSIs because of how dependent they are on state funding. Over one-third of funding is based on state and local appropriations at four-year MSIs, versus only 17% for non-MSIs (Cunningham et al., 2014). The question is how can states leverage their influence to support MSI effectiveness? Also, if the funding formulas result in the same "winners" and "losers" in funding allocations, it calls into question whether POBF policies have the ability to inspire change and innovation at any college or university. Finally, we should aim for an accountability framework that takes into account institutional need and the experiences of students of color so that it can truly transform institutions for low-income students and students of color, regardless of where they attend.

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