

Examining the Impact of Variations in Performance-Based Funding Policies on Student Outcomes

Approximately 35 states have implemented a performance-based funding (PBF) policy tying a portion of state appropriations for public colleges and universities to student outcomes, with more states considering adopting these policies in future years. Prior research has noted that colleges may respond to PBF in ways that could reduce access for racial minority, low-income, and other historically underrepresented students.

Despite the growing popularity of PBF and its potential implications for inequality, there is a lack of nuanced data for researchers or policymakers seeking to better understand the extent to which these policies may impact access, graduation, and post-college outcomes, particularly among racial minority and low-income student groups. The percentage of state appropriations tied to performance varies considerably across states, yet previous studies merely categorize states as PBF adopters or non-adopters, leaving state policymakers without detailed, evidence-based information regarding how to implement PBF in ways that can reduce inequality in student outcomes.

This project aims to address this gap in knowledge in two stages. First, we will create comprehensive state- and institution-level datasets that include detailed historical information about PBF models over the past two decades (Phase I). Second, we will use these unique datasets, which we will make publicly available, to examine the impact of variations in PBF policies on racial minority and low-income student outcomes (Phase II). We are currently only requesting funding for Phase I of this project.