

A Proposal to Analyze the Effects of Variations in Performance-Based Funding Policies on Student Access, Success, and Labor Market Outcomes

Approximately 35 states use performance-based funding (PBF) policies to allocate at least a portion of state appropriations to public colleges and universities in an effort to hold colleges more accountable for their outcomes. Yet although states are taking a wide range of approaches in terms of the percentage of funding tied to outcomes and the types of outcomes being incentivized, prior research on the effects of these approaches relies primarily on binary indicators of whether a state had a PBF system or provided any funding based on institutional performance. This means that states seeking guidance on how to develop effective PBF systems do not receive crucial evidence-based information pertaining to the dosage or percentage of state funds necessary to increase the likelihood of the PBF system being effective.

The main reason why researchers have been unable to answer these nuanced, yet crucial, policy questions is that a comprehensive dataset on the details of PBF programs has not existed. Thanks to a grant from the William T. Grant Foundation, we are currently developing the first comprehensive longitudinal dataset of PBF systems that includes the dosage or percentage of state funding tied to institutional performance. With the award from Arnold Ventures, we will pursue two main areas. First, we will disseminate and update the PBF dataset through a website that allows for data visualization and communication intended for a general audience. Second, we will analyze the extent to which the dosage of PBF policies and the types of outcomes funded affect students' access, success, and labor market outcomes, with an additional focus on equity in the allocation of institutional funds. This second phase of the project will focus specifically on whether PBF policies can be used to reduce long-standing student achievement and outcome gaps by race/ethnicity and family income.