HIGHER EDUCATION COORDINATING COMMISSION
3225 25th Street SE, Salem, OR 97302
www.oregon.gov/HigherEd

Community College Support Fund (CCSF)
Formula Review Recommendations
Equity Analysis

Summary

The intent of this analysis is to apply the HECC's Equity Lens to funding and policy recommendations, as well as to internal and external practices in education. Guided by a number of specific questions, this is a deliberate effort to examine the Community College Support Fund (CCSF) formula review process, and the resulting recommendations, for alignment with the Equity Lens.

The HECC's Equity Lens was originally adopted in 2014. The first operational use of it was the creation of the Student Success and Completion Model (SSCM) in 2015 which allocates public university state funding. The SSCM includes an outcomes-based component that leads to the distribution of half of available funding based on degree completions weighted for degrees earned by prioritized equity populations which include low-income, rural, military veteran, and underrepresented learners as identified by race/ethnicity. More information about the equity impacts of the SSCM can be found in the *2021-23 State Funding and Formula Summary* report posted on the HECC's website.

The recommendations the HECC is now making relative to the community college distribution model are designed to accomplish similar objectives. The intent is to create a virtuous cycle whereby colleges, through mission, policy design, and philosophy, are committed to equitable student success and receive reinforcement for that through the distribution of state funding.

In an effort to counteract potential unintended consequences, the proposed model provides student support funding while incentivizing progress, as well as credential completions, by prioritized populations. The recommendations build on the strengths of the current model and align with state higher education goals in service of equitable student success.

The result is that redistributing funding based on prioritized equity populations will provide additional funding of approximately twelve percent per student based on initial calculations. The current distribution model does not address equitable outcomes or success in any way based on student characteristics. The proposed model is a modest step toward a more equitable approach that strikes a balance between providing sufficient funding to enable state goal aligned institutional behavior while avoiding unintended consequences.

Introduction

Oregon Revised Statues (ORS) 350.075(3)(f) charges the Commission with the responsibility and authority to establish, via administrative rule, the formula by which state funding is allocated to community colleges. The Community College Support Fund (CCSF) Formula Review Workgroup was charged with the review and examination of Oregon's existing formula

for alignment to, and support of, Oregon's existing higher education goals including the Oregon Equity Lens.

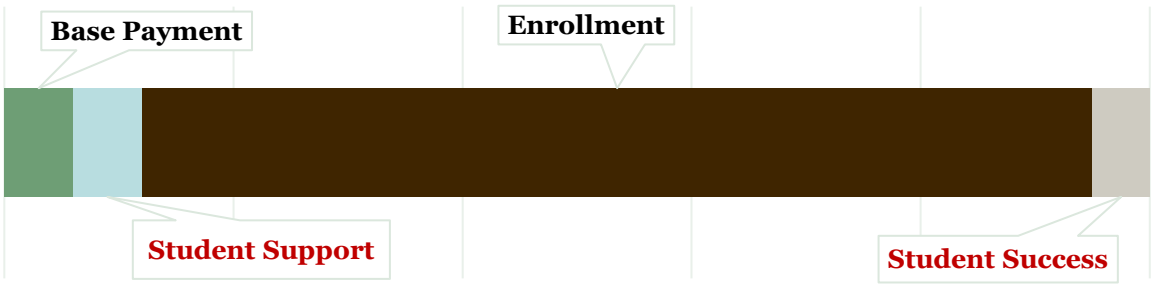
The Workgroup included 26 members appointed by college presidents and other stakeholder groups including the Oregon Education Association (OEA), the American Federation of Teachers (AFT- Oregon), and the Oregon Community College Association (OCCA). The HECC hired a third-party facilitator, HCM Strategists, to help engage with workgroup participants. The guiding principles of the review process asserted that the group should place an emphasis on underrepresented populations.

The Workgroup met 13 times from March 2022 through early February 2023, totaling approximately 36 hours of meeting time. Additionally, a taskforce was formed which included members of the workgroup. The taskforce met weekly during the later stages of the review process to consider the technical details of implementing broader policy decisions of the workgroup. HECC staff provided updates on this work to the Commission during nine meetings of its Funding and Achievement (F&A) subcommittee from August 2021 through December 2022 with staff recommendations presented during the February 2023 meeting.

The Workgroup provided a range of important perspectives that inform the HECC's recommendations. Members reached common ground on principles including the need to focus more on underserved student populations which they defined as adult learners, those pursuing career and technical workforce education, and those who typically experience the highest barriers to success. Workgroup members recognized the formula could be more student-centered in its alignment with the state's existing adult attainment goal and in its promotion of equitable student success.

Workgroup members developed a framework for the formula that maintains much of the existing design while adding two student-focused components: one for student support and one for student success as summarized in Figure A. The four populations prioritized within both additional components include low-income learners, adult learners, career/technical workforce education seekers, and traditionally underrepresented learners as identified by race/ethnicity. Once fully implemented, HECC recommends distributing ten percent of total funding through these two additional components. The recommendations build on the strengths of the current formula, align with state higher education goals, and center equitable student success.

Figure A. Proposed Funding Distribution Model



Guided Discussion

Who are the racial/ethnic and underserved groups affected? What groups show the most persistent or severe disparities?

The Formula Review Workgroup reflected on a number of existing data sources while discussing and identifying underserved learner populations. After multiple conversations and discussion of the data presented, the group settled on the identified populations of low-income, adult, traditionally underserved (as defined by race/ethnicity), and CTE/workforce preparation learners as those who should be prioritized within the funding formula.

One of the HECC's key performance measures (KPM number 6) is to track the racial/ethnic differences for community college completion and transfer rates. Specifically, this measures the percentage of community college students who complete an associate degree or certificate or who transfer to a university system within three years by race/ethnicity.

There are notable differences by race/ethnicity as outlined in the *2022 Key Performance Measure Report* published September 30, 2022 and available on the HECC website. This data is also summarized in Table 1.

Table 1: Community College Completion and Transfer Rates

	2018	2019	2020	2021	2022
American Indian or Alaska Native	40.1%	44.6%	52.8%	50.3%	44.7%
Asian American	52.4%	55.3%	51.3%	60.0%	56.9%
Black or African American	39.7%	38.1%	40.2%	43.9%	43.3%
Hispanic or Latina/-o	44.3%	45.1%	46.1%	49.7%	46.4%
Native Hawaiian or Pacific Islander	45.4%	36.5%	39.4%	40.0%	43.1%
White	49.7%	50.9%	52.2%	54.0%	52.8%

Source: Key performance metric data from the *2022 Key Performance Measure Report* as published by the HECC Office of Research and Data.

The Workgroup also reflected on the work of the Adult Attainment Workgroup which developed a statewide adult attainment goal in 2018. The adult attainment goal reinforces the state's commitment to educational outcomes for working-age, adult Oregonians. It defines adults as those over the age of 25 and includes an equity component reflecting the language of the HECC Equity Lens. It focuses on underrepresented racial/ethnic group, low-income, and rural Oregonians. More information can be found on the HECC website within the HB 2311 (2017) *State Adult Attainment Goal Report* posted as part of the materials for the November 2018 Commission meeting.

The goal states:

> Oregon anticipates more than 120,000 additional jobs requiring postsecondary training or education between now and 2030. In order to meet this need, 300,000 additional adult Oregonians should earn a new degree, certificate, or credential valued in the workforce during that time. Because Oregon has substantial attainment gaps among minority, low income, and rural Oregonians, the state will also commit to reducing those attainment gaps by half during the decade.

In addition, the Workgroup decided to survey its membership on this issue with results presented during its April 2022 meeting. The group was asked how their campus defined the term "priority population." Responses included terms such as underserved, underrepresented, systemically marginalized, historically marginalized, underserved and underrepresented. Opportunity gaps were also associated with priority populations.

During the April meeting, data from the 2019-20 Community College Statewide Snapshots and data related to high school students and adult learners was shared and discussed. The group then took a deeper dive during the meeting to consider the following points:

- How well the participation rate of students of color and other underserved populations reflect the demographics of the community.
- What are the completion gaps for various student groups?
- What is the level of participation in "nontraditional" pathways.

The intent of redesigning the distribution model is to enable institutional behavior, that may already be occurring, to focus on closing achievement gaps that exist between different populations of students. Ideally the success of the redesigned model will be based on continued improvement evidenced by the key performance measure number six.

What is the potential impact of the resource allocation, strategic investment, policy, practice, or program to these groups?

The potential financial impact of the revised resource allocation methodology will be felt directly by the colleges who will then determine how best to serve their community's learners. The intent of the recommendations is to direct more dollars to those colleges that serve more students who identify as members of the prioritized populations. This is because emerging research suggests that for community college funding systems to be equitable, they must account for the different levels of support needed to provide students from different backgrounds an equal opportunity to succeed.[1]

Therefore, the model includes funding for student support as well as funding for student success metrics that are met. The student success metrics include both progression and credential completion. Additionally, there is a bonus in the student success component by which additional funding is provided for credentials completed by students in the priority populations. Initial

[1] Jesse Levin, Bruce Baker, Jason Lee, Drew Atchison, and Robert Kelchen, *An Examination of the Costs of Texas Community Colleges*, Institute of Education Sciences, October 2022.

modeling shows that two-thirds of the available student support and student success funding will be distributed for the benefit of prioritized equity populations which includes low-income, adult, traditionally underserved groups (as defined by race/ethnicity), and CTE/workforce preparation learners.

During the proposed first year of implementation, FY2025, an estimated $377 million in state funding will be available for distribution to the colleges which is half of the estimated 2023-25 biennial appropriation minus set asides. Of that amount, $12.5 million will be made available for student support and success. Initial modeling shows that of that amount, $9.7 million will be distributed based on priority populations as shown in Table 2. This is an estimated 2.6% of the $377 million in total funding.

Table 2: Projected Funding for Priority Populations, FY2025

	Student Support	**Student Success**	**Total**
Priority Population Support/Completion	7,500,000	2,222,402	9,722,402
Progression	-	1,045,447	1,045,447
Completion	-	1,732,151	1,732,151
Totals	**$7,500,000**	**$5,000,000**	**$12,500,000**

Note: Based on current formula modeling which includes a three-year average of student population data.

Over time, the funding distributed for priority populations is designed to increase as outlined in Table 3 to the point where it will eventually be around seven percent of total, available funding, or an estimated 72%, of available student support and success funding. These estimates are dependent on student population data. The model uses a three-year average of headcount, progression, and completion data. When that data changes, it will likely lead to variances in the estimated amounts and percentages noted.

Table 3: Projected Funding for Priority Populations Over Time

		Estimated for Priority Populations	
	Available for Student Support and Success	**Total Funding**	**Per Student**
FY2025	$12.5 million	$9.7 million	$192
FY2026	$21.0 million	$16.4 million	$330
FY2027	$29.0 million	$22.6 million	$330
FY2028	$33.0 million	$23.8 million	$500
FY2029	$37.0 million	$26.6 million	$500
FY2030+	10% of total funding	7% of total funding	$500+

Note: Based on current formula modeling which includes a three-year average of student population data.

The estimated amounts by college for priority population funding are included in Table 4. This includes both student support funding and the equity portion of student success funding. In total, it represents 2.6% of total funding available. However, the amount of funding it represents by college is affected by different factors. First and foremost is the number of students who are in the priority populations.

Table 4: Estimated Priority Population Funding by College, FY2025

College	Student Support	Student Success (Equity)	Total Equity Funding	% of Total Funding
Blue Mountain	142,928	45,702	188,630	5.5%
Central	408,783	123,706	532,489	4.6%
Chemeketa	747,695	229,375	977,070	2.5%
Clackamas	750,693	125,007	875,701	4.2%
Clatsop	143,842	17,583	161,424	4.5%
Columbia Gorge	114,158	20,835	134,992	2.1%
Klamath	187,599	58,406	246,005	1.5%
Lane	611,948	206,850	818,797	2.8%
Linn Benton	395,767	122,080	517,848	2.0%
Mt. Hood	847,979	169,733	1,017,713	2.6%
Oregon Coast	47,648	15,740	63,388	1.7%
Portland	1,973,939	691,399	2,665,338	2.0%
Rogue	342,792	135,067	477,859	5.0%
Southwestern	158,364	71,089	229,453	2.5%
Tillamook Bay	76,599	13,268	89,867	2.2%
Treasure Valley	151,752	55,653	207,405	2.1%
Umpqua	397,513	120,910	518,423	3.4%
TOTALS	**$7,500,000**	**$2,222,402**	**$9,722,402**	**2.6%**

Note: This information is based on current modeling which includes a three-year average of student population data. It is also based on the projected funding level for FY2025.

The data by college for the number of students for each of the priority populations is included in the formula workbook which is used to calculate the funding distribution. The student support component allocation is based on the number of headcount students in reimbursable courses who are identified as being a part of the priority populations. A three-year, weighted average of students is calculated.

Points are then awarded depending on how many populations are identified for each student. Multiple populations include more points with an additional 20% for two, 30% for three, and 40% for four. The groups are exclusive and not duplicated. For example, if there are a weighted

average of 62,711 students in two populations, multiplied by 1.2 provides 75,253 points for those students.

The number of weighted average students, points, and the percentage of the total each represents is included in Table 5. Forty-seven percent of the points are distributed for students in two populations. Therefore, 47% of the funding allocated through the student support component will be for students in two populations.

Table 5: Projected Student Support Points, FY2025

	Weighted Average Number of Students	Total Points	Percentage of Total Points
One Population	64,486	64,486	41%
Two Populations	62,711	75,253	47%
Three Populations	12,985	16,881	11%
Four Populations	956	1,338	1%
Total	**141,498**	**158,318**	**100%**

Note: Based on current formula modeling which includes a three-year average of student population data. The three years included are academic years 2019-20, 2020-21, and 2021-22.

The data by college for the number of student successes, including both progression and credential completion, is included in the formula workbook which is used to calculate the funding distribution. The student success component allocation is based on the number of students who achieve certain milestones. A three-year, weighted average of the milestones achieved is calculated.

Points are then awarded depending on how many are achieved. Weights are applied to the total number of milestones including 10% for progression metrics, 100% for credential completions, and 150% for credentials earned by students identifying as members of priority populations. For example, if there are a weighted average of 15,806 students who have earned 15 or more credit hours, that number is multiplied by 0.1 which translates to 1,581 points for that group of achievements.

Completions are multiplied by 1.0 with priority population completions multiplied by 1.5 as shown in Table 6 which also includes the percentage of the total each represents. Progression accounts for 22% of the points and the same percentage of funding. Credential completions account for 35% with priority population completions accounting for 43% of student success funding.

Table 6: Projected Student Success Points, FY2025

	Weighted Average Number of Successes	Total Points	Percentage of Total Points
Non-credit hours	16,367	1,637	5%
15+ hours	15,806	1,581	5%

30+ hours	15,657	1,566	5%
Gateway Course	24,502	2,450	7%
Subtotal, Progression	**72,332**	**7,234**	**22%**
Credential Completions	11,984	11,984	35%
Priority Population Completions	10,251	15,376	43%
Total	**94,567**	**34,594**	**100%**
Note: Based on current formula modeling which includes a three-year average of student population data. The three years included are academic years 2019-20, 2020-21, and 2021-22.			

Does the decision or strategy under consideration ignore or worsen existing disparities or produce other unintended consequences?

Great care was taken with the design of the recommended model to mitigate currently known and understood unintended consequences identified by researchers within similarly designed models. However, the funding formula will be reviewed as the model is implemented over the course of three biennia to identify and mitigate unknown potential unintended consequences. In addition, a review will be conducted every five years after implementation.

The recommended model includes a student success component within which funding is distributed based on progress and completion. This can be considered a variation of outcomes-based or performance-based funding. The terms outcomes-based and performance-based are sometimes used interchangeably.

A systematic synthesis of 52 research articles published between 1998 and 2020 concludes that, "Performance based funding (PBF) adoption is generally associated with null or modest positive effects on the intended outcomes of retention and graduation, but there is also compelling evidence that PBF policies lead to unintended outcomes related to restricting access, gaming of the PBF system, and disadvantages for underserved student groups and under-resourced institution types."[2]

This is because variations in policy design and implementation are associated with variations in the effects of outcomes-based models.[3] The variation in effects may also be connected to the length of time a policy has been fully implemented. Researchers have found positive impacts in later years, suggesting that policy response takes time and outcomes should be assessed after a reasonable period of implementation.[4] [5]

[2] Justin Ortagus, Robert Kelchen, Kelly Rosinger, and Nicholas Voorhees, *Performance-Based Funding in American Higher Education: A Systematic Synthesis of the Intended and Unintended Consequences*, Educational Evaluation and Policy Analysis,December 2020.
[3] Amy Li and Alec Kennedy, *Performance Funding Policy Effects on Community College Outcomes: Are Short-Term Certificates on the Rise?* Community College Review,2017.
[4] Nicholas Hillman, Alisha Hicklin Fryar, and Valerie Crespin-Trujillo, *Evaluating the Impact of Performance Funding in Ohio and Tennessee*, American Educational Research Journal,2017.
[5] Nicholas Hillman, David Tandberg, and Jacob Gross, *Performance Funding in Higher Education: Do Financial Incentives Impact College Completions?* The Journal of Higher Education,2014.

It is important to note that the potential unintended consequences can be mitigated. One practice often used to curtail the unintended consequences of restricting access or gaming the system is to add incentives, also referred to as premiums, equity metrics, or bonus funding, for institutions to serve historically disadvantaged or underrepresented students. Research suggests that doing so helps counteract these negative effects. The HECC recommendations include such premiums.

Other than design, funding stability over time, while embedding performance funds into the base budget, and simplicity in that a smaller set of metrics are used to allocate funding, are better for long-term support.[6] Also, the use of progression metrics to incentivize the steps students take on the path to success can be helpful. The HECC recommendations include both.

How does the decision or strategy advance opportunities for current and historically underserved learners and communities? What is the impact on eliminating the opportunity gap?

The effect of similar models, as the one recommended, on institutional behavior is well documented.[7] Outcomes-based models influence institutions through financial incentives, awareness of state priorities, and awareness of institutional performance.[8] Examples of specific responses include an increased focus on outcomes, demonstrated by the reformation of academic policies such as developmental education, the implementation of degree pathways and the expansion of certificate offerings, revisions to strategic plans, and increases in institutional support staff. Other responses include altering advising and counseling systems, implementing early academic alert systems, changing tutoring and orientation programs, and the increased use of data analytics.[9] [10]

The colleges use local decision-making processes to determine which specific strategies to employ in response to their unique learner populations. By providing enhanced funding for priority population supports and incentives for reaching success benchmarks, achievement gaps should be reduced over time. The extent to which this occurs will be impacted by a number of other factors, some of which are completely out of the HECC's control.

What are the barriers to more equitable outcomes? (e.g. mandated, political, emotional, financial, programmatic or managerial)

Student success in higher education is a shared responsibility between student and institution with the state often supporting both financially. However, both face any number of challenges

---

[6] Dennis Jones, *Outcomes-based Funding: The Wave of Implementation*, National Center for Higher Education Management Systems,2013.
[7] https://www.obfequitytoolkit.org/m2-3-selecting-student-groups.
[8] Kevin Dougherty and Associates, *Implementing Performance Funding in Three Leading States: Instruments, Outcomes, Obstacles, and Unintended Impacts*, Community College Research Center,2014.
[9] Amy Li and William Zumeta, *Performance Funding on the Ground: Campus Responses and Perspectives in Two States*, TIAA Institute,2016.
[10] https://www.obfequitytoolkit.org/m2-3-selecting-student-groups.

along the way. Continued unaffordability, stagnant growth in state funding, a lack of institutional inventiveness, a declination in collaboration, and other challenges could all present barriers to more equitable outcomes for Oregon learners.

HECC staff engaged in a number of site visits during the summer of 2022 across 20 different locations including all public universities and most community colleges. In addition, HECC staff also participated in the visits conducted by the Task Force on Student Success for Underrepresented Students in Higher Education. During these visits, students communicated the challenges they face as a result of rising unaffordability, not only with the cost of higher education specifically, but with general living costs more broadly. More students than ever are affected by basic needs shortages which include housing insecurity, food insecurity, a lack of childcare options, transportation issues, and others. Although the state legislature has made significant investments recently in housing, student supports, and childcare, systematic issues remain.

More information about the average cost of attendance over time for community college students is included in Table 7. The average cost of attendance has increased 3.5% annually over the past decade compared to average, annual inflation of about 2.0%. The majority of the cost associated with college attendance is related to general living expenses.

Table 7: Growth in Community College Cost of Attendance

	2011-12	2020-21	% of Total	Annual Growth Rate
Tuition and Fees	4,065	5,962	28%	3.9%
Books, room, board, etc.	10,951	15,129	72%	3.3%
Cost of Attendance	**$15,016**	**$21,091**	**100%**	**3.5%**

Notes: Data from the Office of Student Access and Completion, student budgets, as reported by the colleges. The costs noted are averages for all the colleges, for a full-time, resident, independent student.

As a result, many of the colleges are using benefit navigators to more efficiently connect students with existing social services in their communities. Some campuses are also expanding food pantries and other services dependent to respond to the needs of their communities. Some are considering other options like expanding short-term emergency lending programs through foundations and connecting with local business partners as well.

Meanwhile, the colleges face enrollment challenges and are working through what that may mean in the future for their communities. Higher education in general may be at an inflection point where service models change along with stakeholder expectations.

Enrollment has been dropping, for the past decade, at all of the colleges. This trend accelerated during the pandemic but was uneven in its impact by college. The projected demographic headwinds in Oregon, with a declining number of high school graduates and a reduction in the number of school-aged children, suggest that higher education enrollment will likely not recover to pre-pandemic levels for many years to come. That certainly won't be the case if adults do not enroll in more significant numbers.

This stark realization has left many to wonder how the institutions will continue to thrive. The path to sustainability is less obvious than in previous declines during which innovative program offerings and creative outreach efforts to non-traditional student populations were enough to counteract the declines. This time may be different.

All of this is set against an economic backdrop whereby state revenues are stagnant and decision makers face tough choices as to what needs to prioritize. According to the FY2021 State Higher Education Finance Survey (SHEF), over the last decade, Oregon's public investment per student has increased an inflation-adjusted 57.4%, more than all but four states. This trend may not continue going forward.

It is important to recognize the interaction among various policy choices. All of which working together may bring about the improvement desired. Both the level of state funding and availability of financial aid programs positively influence student affordability while collaboration among institutions can lead to more efficient pathways to completion.

How have you intentionally involved stakeholders who are also members of the communities affected by the strategic investment or resource allocation to inform decision-making?

The stakeholders who are directly impacted by the recommendations to revise the college funding model are the colleges themselves. State funding currently makes up about forty percent of operating revenues collectively for the colleges. The other prominent sources include tuition/fee revenue and local property tax revenue. As a result, it is common practice nationally to focus on institutional stakeholders during the formula review process.

It is rare that students are included in formula review workgroups because the funding is used to support institutions in their efforts to serve students. Often, the student perspective is best incorporated during the conversation of how to provide the services students need to succeed. That conversation naturally occurs at the campus level because student needs often differ by campus community and because the provision of those services must be considered in relation to the totality of resources available.

Whether or not and how the recommendations made will directly impact student services delivered is a decision left to the governing boards and the administration of each college. They employ different strategies in response to the needs of their communities. The workgroup included a diverse set of campus voices who could weigh in on the connection between potential funding formula changes and the potential impact on how they serve and support students.

Four student affairs voices, among the 26 total appointed members, were deliberately included on the review workgroup. They represented the needs of students and brought their understanding of how best to serve students to inform the policy making process. All of the workgroup members, led by the student affairs folks, reported that the current model is not student centered and needs to be in order to enable the services many students need. That is

why the workgroup members wanted to focus specifically on adults, low-income, CTE, and underrepresented students to gain traction on equitable success.

It is HECC's intent to leverage state funding support to catalyze positive institutional actions to prioritize equitable student success. Therefore, students enrolled in the colleges are likely to indirectly benefit from the proposed changes to the funding formula. As a result, a fair amount of the workgroup's conversation focused on how to better support traditionally underrepresented students via the funding model.

Ideally students would have served on the formula review workgroup. Outreach was made to the Oregon Student Association (OSA) which is a coalition of member campuses. They do not represent the colleges and could not recommend appropriate representation. Directly including student voices will add value during the review process.

Stakeholder outreach represents an opportunity for improvement. Expanding the workgroup membership to include not only those stakeholders directly impacted but also those indirectly impacted should be considered. Workforce, industry, and community stakeholder inclusion may add value during the next review process. This may include consultation through the Leadership Council for Equity, the Equity Advisory Committee, the local workforce development boards, and other groups.

Do you have a plan for inclusive communications and engagement, to communicate the process of this work and opportunities for learners in compelling, clear, accessible, and transparent ways?

The HECC recommendations, and the work of the review process more generally, are being communicated through existing channels. These include public meetings of the HECC, meeting materials posted on the HECC website, *HECC Collaborations* (the regular newsletter of the HECC), and with outreach efforts to the college presidents, business officers, Formula Review Workgroup members, and other stakeholders who have signed up to receive notification via the HECC mailing lists. Media coverage of the recommendations is expected by The Oregonian and Oregon Public Broadcasting (OPB).

What is your commitment to diversification of the workforce and professional learning for equity? What resources are you allocating for educator/employee diversity and training in culturally responsive instruction and practices?

Within the HECC, for HECC staff, a deep commitment to workforce and professional learning for equity is maintained. However, doing so at the colleges is the responsibility of the governing boards who are responsible for providing the necessary resources for the professional learning and training needed by college staff.

Oregon Revised Statutes (ORS) 350.375 specifies the cultural competency requirements at public universities and community colleges in Oregon. It states that each public institution of

higher education shall establish a process for recommending, and providing oversight for the implementation of, cultural competency standards for the institution and its employees. The process must require the institution provide continuing training and development opportunities that foster the ability of the institution's faculty, staff, and administration to meet cultural competency standards. Also, that the institution clearly communicates to new faculty, staff, and administrators the institution's commitment to including meeting cultural competency standards in professional development.

How will you intentionally modify or enhance your decisions or strategies to ensure each learner and communities' individual and cultural needs are meaningfully met?

The HECC recommendations for the community college funding model will likely have little effect on institutional behaviors related to pedagogy. However, the recommendations are intended to catalyze positive institutional actions to prioritize equitable student outcomes. It may be possible to monitor the extent to which each college is ensuring that each learner and communities' individual and cultural needs are meaningfully met as part of the formula review process. If so, this may allow the HECC to collaborate with the colleges on better practices.

How will you evaluate your progress and stay accountable to equity goals? How are you collecting and analyzing disaggregated data on race, ethnicity, income, and other demographics or identities?

The model has success metrics that will be reviewed periodically. More specifically, during the implementation phase, a technical review is scheduled to occur during FY2027, likely during calendar year 2027. This effort will be to identify unintended consequences and to revisit data definitions as needed. During FY2030, a more robust policy review will be conducted, likely during calendar year 2030. This is five years after initial implementation. The policy review is designed to subject the funding formula to a more rigorous scrutiny to determine if it is incentivizing institutional action in alignment with state goals. . Should progress not be apparent, additional policy recommendations may be considered.

Disaggregated student-level data is collected and reviewed by the HECC Office of Research and Data. All institutions provide data to them. Disaggregated data for the community colleges is available on the HECC website within the Oregon Community Colleges Data Mart. As a result, during the formula review process, disaggregated data was widely available to workgroup members for their consideration and was used to inform the recommendations.

Future policy reviews will incorporate specific feedback from members of the prioritized populations, including but not limited to low-income learners, adult learners, career/technical workforce education seekers, and traditionally underrepresented learners as identified by race/ethnicity to assess whether meaningful student supports were available and accessible to them.

Toward a More Equitable Distribution Model

Research is clear that direct funding to institutions significantly affects student success, particularly in community colleges with an open-access mission.[11] However, there is no one-size fits all model that offers the silver bullet solution. Ultimately, the model will evolve over time via a reiterative process of review.

Distribution models affect equity in a couple of ways.[12] Institutional equity is the degree to which colleges are funded with similar levels of resources to effectively serve all students. The current community college distribution model equalizes funding per full-time student equivalent taking in to account both state funding and local property tax resources. This feature is considered one of its strengths in that it prevents inequity across the colleges in terms of funding per student. Oregon is one of the few states nationally to include this feature.

Meanwhile, student equity includes both equitable access and equitable outcomes (both progress and credential attainment). The current distribution model does not address equitable outcomes or success in any way based on student characteristics. Most states have implemented models that include this feature. The recommended model will do so by providing additional resources for historically underserved student populations and additional resources for when they achieve success.

The student support and success components will explicitly include race as a consideration putting Oregon in a group of about 15 states nationally who do so. Additionally, the 50% bonus for priority population completions is consistent with other states although weights placed on equity metrics vary substantially.[13] Funding for the prioritized populations will be about seven percent of total funding once fully implemented.

Currently, scant research exists on the appropriate dosage of funding in a distribution model to be applied to student equity. There is limited evidence to suggest that increases in the share of revenue at stake are associated with decreases in underrepresented student enrollment.[14] Striking the appropriate balance between providing enough funding to enable institutional behavior while avoiding unintended consequences is the key. Figure B shows the proposed distribution model compared to the current model.

---

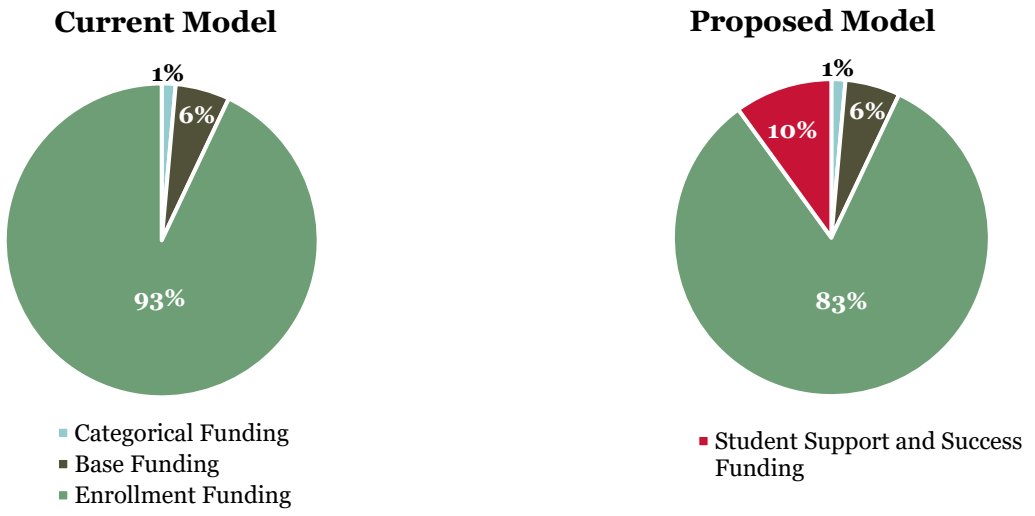
[11] Deming, David J. and Christopher R. Walters, *The Impacts of Price and Spending Subsides on U.S. Postsecondary Attainment*, National Bureau of Economic Research, August 2017. Horn, Aaron S. et al, *The Effect of State Appropriations on College Graduation Rates of Diverse Students*, Midwestern Higher Education Compact, December 2021. Monarrez, Thomas, et al, *Impact of Higher Education Finance on Attainment*, Urban Institute, Center on Education Data and Policy, August 2021.

[12] Shaw, Kate et al, *Mapping Community College Finance Systems to Develop Equitable and Effective Finance Policy*, HCM Strategists, March 2023.

[13] Rosinger, Kelly et al. *The Landscape of Performance-Based Funding in 2020*, InformEd States Policy Brief, January 2020.

[14] Rosinger, Kelly et al. *The Impact of Performance Funding Policy Design on College Access and Selectivity*, American Educational Research Association, Educational Evaluation and Policy Analysis, February 2023.

Figure B: Current and Proposed Community College Distribution Model



Redistributing funding for priority population students will provide additional funding of approximately twelve percent per student based on initial analysis as shown in Table 8.

This analysis considers the projected biennial funding for 2023-25 with ten percent distributed for student support and success which essentially assumes full implementation occurs immediately. It calculates the funded headcount by applying the same proportion of funded FTE, then calculates the funding per student for enrollment only. The enrollment funding per student declines from the current model to the proposed model because a portion of total funding is redistributed for student support and success.

The analysis then calculates the funding per priority population student using 2020-21 data for the four populations divided into the portion of total student support and success funding applicable to priority population students. The portion of student support and success funding applicable to priority population students is roughly 72% of the $74.9 million noted in the table.

This means in the proposed model, once fully implemented, enrollment funding per student distributed for all students will be an estimated $3,524 using current data. The funding per student distributed for priority population students specifically, which includes both enrollment funding and priority population funding, will be $3,930 using current data. This represents a difference of $406 or 12%. This table does not include a small amount of funding per student distributed for progression and completions.

Table 8: Estimated Funding per Priority Population Student
(Once fully implemented with 10% of funding for Student Support and Success)

	Current Model	Proposed Model
Set Asides	10,702,401	10,702,401
Base Payments	41,974,258	41,974,258

Student Support/Success	-	74,880,247
Enrollment	696,125,814	621,245,567
Total Funding, 2023-25	**$748,802,473**	**$748,802,473**
2021-22 Funded Headcount*	176,292	176,292
Enrollment Funding per Student	**$3,949**	**$3,524**
2021-22 Priority Population Headcount	-	132,675
Funding per Priority Population Student**	-	**$406**

*Estimated based on the percentage of funded FTE applied to total headcount for 2020-21. Specifically, 60,863.2 funded FTE divided by 63,840.02 total FTE equals 95.34% then applied to 184,914 headcount.
**Estimated based on 72% of total student support/success funding divided by 2021-22 priority population headcount total.