

# Louisiana's Outcomes-Based Funding Formula Overview

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Kim Kirkpatrick, Board of Regents  
July 13, 2022





# Formula Composition and Evolution

Act 462 (2014): Develop an outcomes-based formula for 2-year and 4-year institutions

## Base

- Prior year funding allocation

## Cost

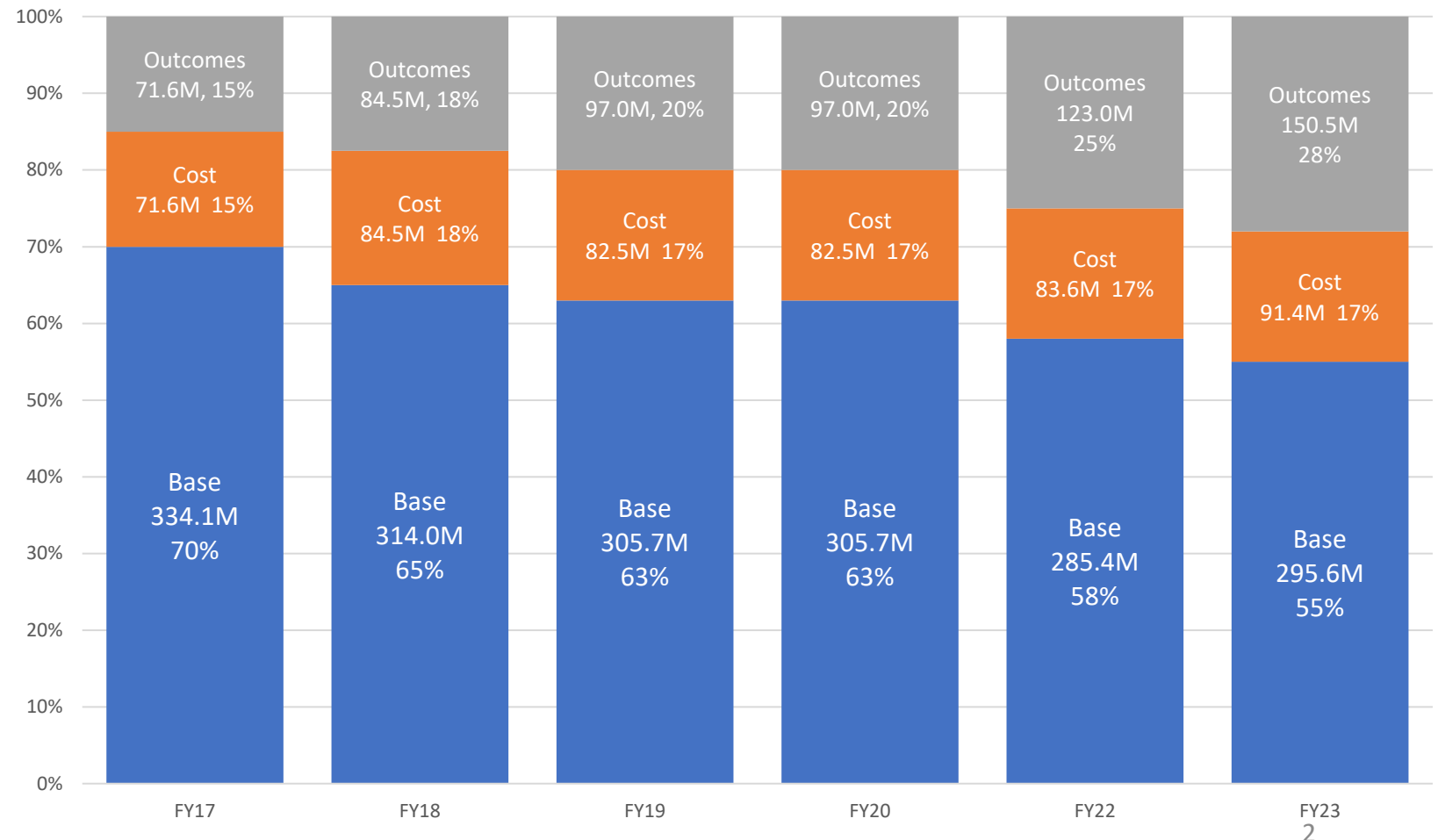
Operation expenses based on:

- program of study
- Instructional facilities
- SREB peer group data
- class size
- support services

## Outcomes

Metrics reward:

- degree completion
- programs that align to high demand fields
- student progression
- research
- completion of Pell grant, minorities, and adult students.





# Alignment: Formula + Master Plan

The Master Plan goal is 60% of all working-age adults (ages 25-64) in Louisiana to hold a degree or high-value credential by 2030.

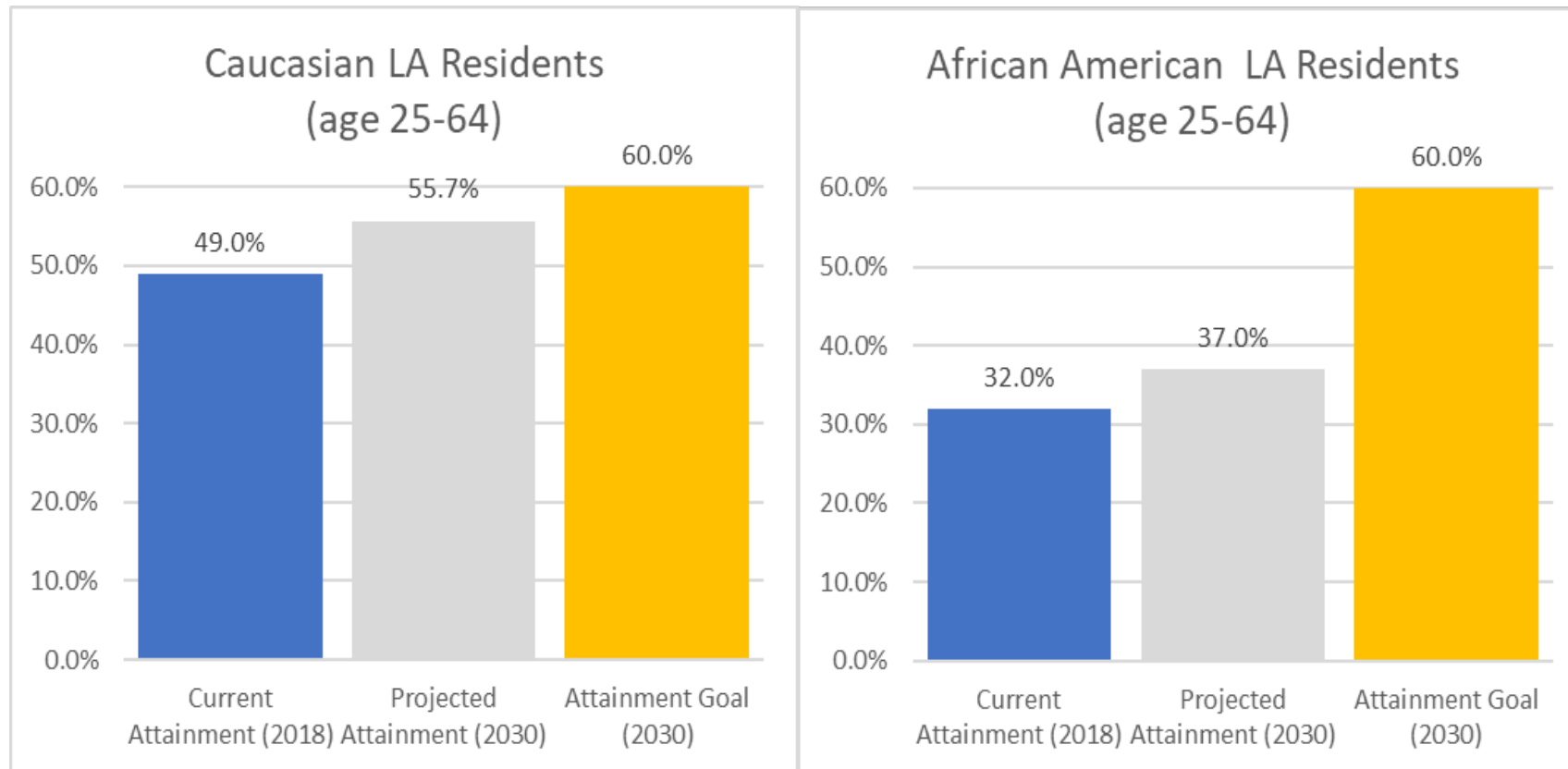
The challenge is to:

- 1) Expand access and success in completing Postsecondary education;
- 2) Eliminate persistent and damaging equity gaps;
- 3) Significantly increase the education level for adults.

In 2019, BOR and the systems began work on the funding formula to align these challenges to meet the Master Plan goal

# Challenge: Eliminate Equity Gap

The formula alignment to the Master Plan is to erase equity gaps illustrated below.





# Changes: Addressing Equity

## Cost Formula

- Underrepresented Minority Cost Adjustment added to institutions that have an URM population above the state average to provide additional support to increase outcomes.

## Outcomes Formula

- Incentivize Adults (Age 25 and older), Income Equity Gap (Pell) Minority Equity Gap (underrepresented minorities) on completer metric weights.
- Population bands for Income Equity Gap (Pell) and Equity Gap (underrepresented minorities)

Goal: increase adult, economically disadvantaged, and minority student completion

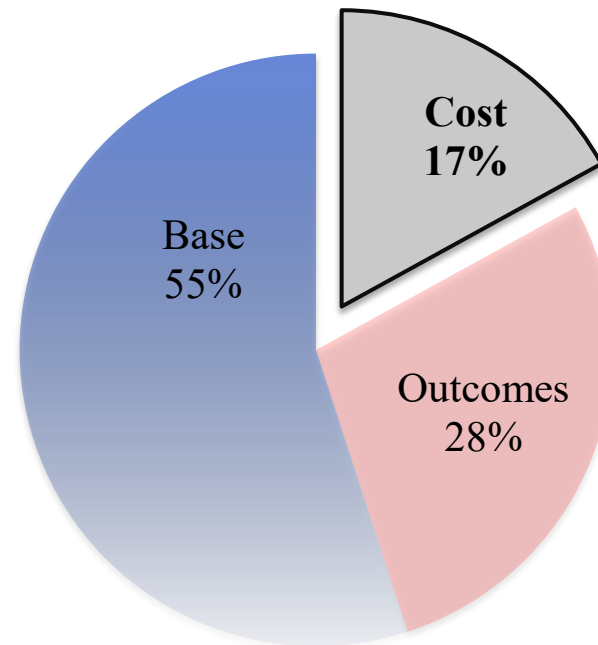


# Results: Increasing Equity Completers

The Master Plan alignment of the formula is producing intended results to eliminate equity gaps and increase education level for adults.

Equity Categories	2019	2021
African-American Enrollment	29.2%	29.3%
African-American Credential Completion	9,821	11,827
Adults (25+) Credential Completion	11,836	13,913

# Understanding Costs





# Cost: Calculations and Approach

What does cost include?

- Student progression
- Program of study
- Instructional and research square footage
- Operational costs
  - Faculty salaries
  - Support services

**What data are used for the calculation?**





# Cost: Components

Cost Portion Funding Formula by Component	
<b>Core Cost Component</b>	Weighted Student Credit Hours includes student credit hours by institution multiplied by the cost weights by discipline. Base Student Credit Hour value is comprised of average faculty salaries and benefits, class size, student workloads, and academic support/services.
<b>Operation of Plant and Maintenance</b>	Net assignable square footage for instruction and research at an institution. Base dollar amount per square foot for instruction and base dollar amount per square foot for research tied to the Consumer Pricing Index.
<b>General Support</b>	A functional expense category that includes expenses for day-to-day operational support, general administrative, fiscal, and executive level services of the institution.
<b>Underrepresented Minority Cost Factor</b>	The difference between underrepresented minorities average cost and the average cost calculation is multiplied by the FTEs of underrepresented minority students at each institution.
<b>State Share by SREB Category</b>	The State's share of total funding for each institution per SREB category.



# Cost: Components

Weights are based on Texas Cost Study which consists of 3-year average expenditures and semester credit hours

Group Name	Lower Level UGrad	Upper Level UGrad	Masters	Doctoral/ Prof.
Liberal Arts	1.00	1.69	3.91	9.23
Agriculture	2.02	2.54	7.13	9.62
Business Administration	1.11	1.71	3.16	23.34
Engineering	2.42	3.70	7.46	16.03
Fine Arts	1.42	2.33	5.41	7.22
Health Services	1.19	1.81	3.15	9.75
Home Economics	1.03	1.66	2.89	7.24
Law	1.00	1.96	4.15	4.15
Library Science	1.44	1.12	2.69	9.64
Military Science	1.00	1.00	1.00	0.00
Nursing	3.12	5.32	6.49	16.32
Pharmacy	1.48	5.02	23.28	34.24
Physical Training	1.38	1.18	0.00	0.00
Science	1.75	2.92	7.84	21.07
Social Service	1.88	2.09	2.98	14.70
Teacher Education	1.41	1.74	2.27	7.37
Technology	2.10	2.45	3.87	2.84
Veterinary Science	0.00	0.00	20.04	20.04



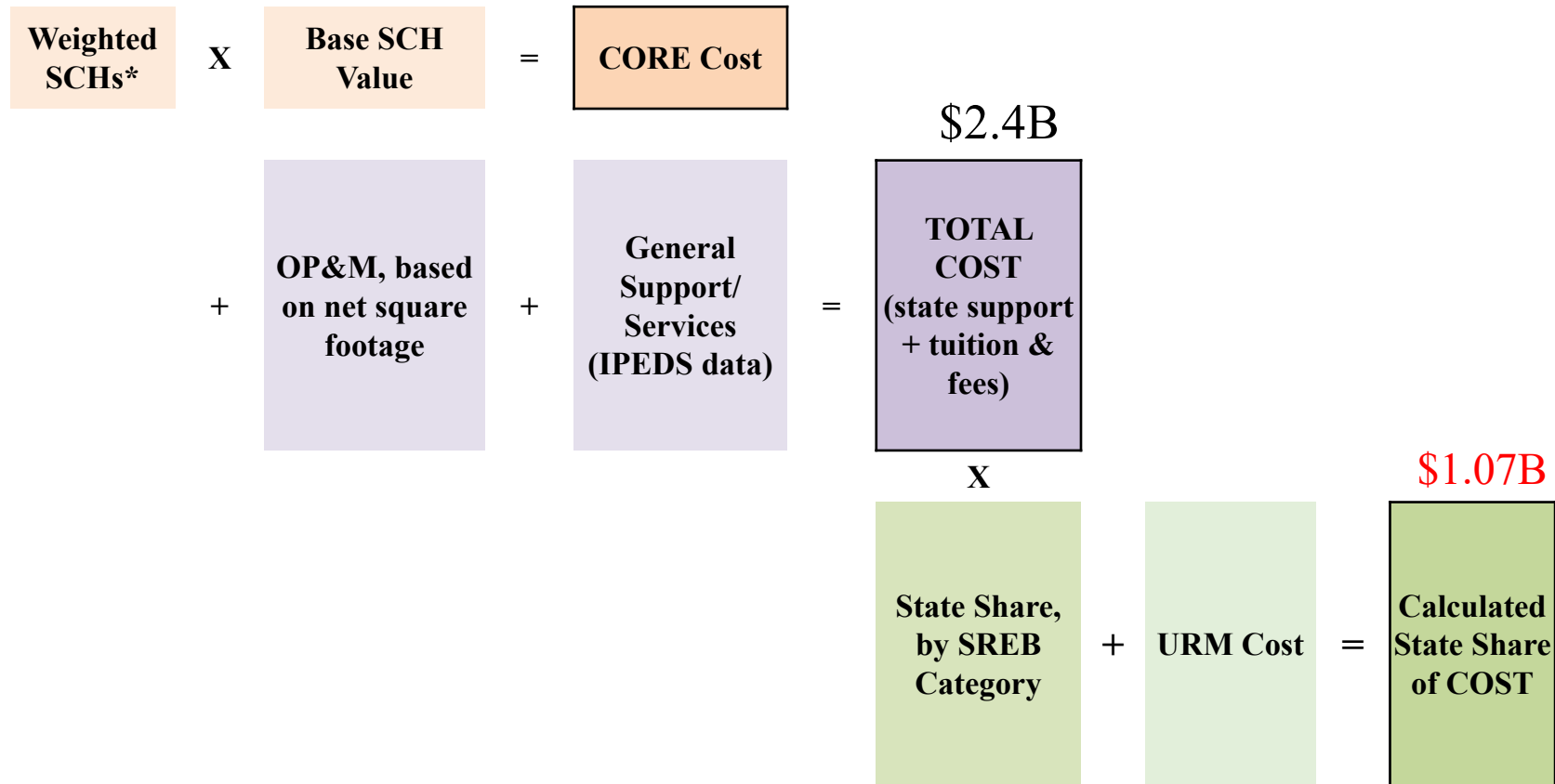
# Example: Weighted SCHs as a Class Schedule

Lower Level Undergraduate Schedule with Weights					
Dept	Course Number	Course Title	Credit Hours	Weight	Weighted SCHs
ENGL	111	English Composition I	3	1.0	3
MATH	151	College Algebra	3	1.0	3
CHEM	111	General Chemistry I	3	1.75	5.25
ECON	211	Economic Principles I	3	1.11	3.33
CISP	200	Programming I	3	2.1	6.3
<b>Total Semester Hours</b>			<b>15</b>		<b>20.88</b>
Upper Level Undergraduate Schedule with Weights					
Dept	Course Number	Course Title	Credit Hours	Weight	Weighted SCHs
BADM	310	Business Finance	3	1.71	5.13
MGMT	362	Prin. Of Management	3	1.71	5.13
CISP	320	System Analysis & Design	3	2.45	7.35
HIMS	350	Data Analytics	3	2.45	7.35
HIST	401	History of Louisiana	3	1.69	5.07
<b>Total Semester Hours</b>			<b>15</b>		<b>30.03</b>

As students progress, the institution benefits in the cost formula



# How We Determine the Request?



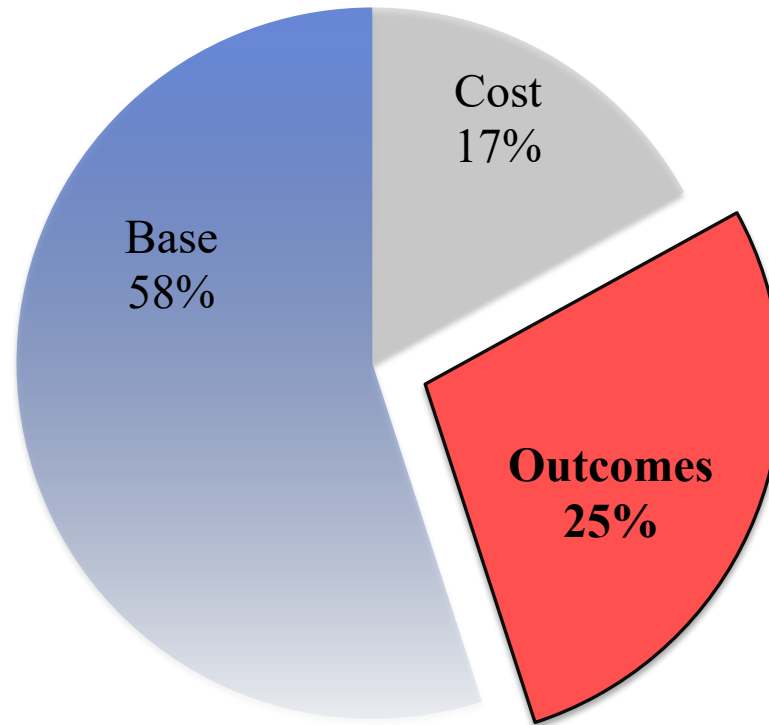
**\$537.5 Million**  
**Allocation for FY23**



# Establishing Baseline: SREB Categories

Category	Institution	Definition
Four Yr 1	LSU	Award $\geq 100$ doctoral degrees distributed among $\geq 10$ CIP categories (2-digit) with $\leq 50\%$ in any one category
Four Yr 2	LA Tech UL Lafayette UNO	Award $\geq 30$ doctoral degrees distributed among $\geq 5$ CIP categories.
Four Yr 3	Southeastern SUBR McNeese UL Monroe	Award $\geq 100$ graduate degrees distributed among $\geq 10$ CIP categories
Four Yr 4	Grambling LSU Shreveport Nicholls Northwestern	Award $\geq 30$ graduate degrees distributed among $\geq 5$ CIP categories.
Four Yr 5	SUNO	Award $\geq 30$ graduate degrees.
Four Yr 6	LSU Alexandria	Award $\geq 100$ bachelor's degrees distributed among $\geq 5$ CIP categories, with bachelor's degrees being $\geq 30\%$ of total awards (including certificates), and award $\leq 30$ graduate degrees.
Two Year (All)	LSU Eunice, SU Shreveport All CCs & TCCs	Award associate's degrees and offer college transfer courses, some certificates and diplomas.

# Understanding Outcomes





# Outcomes: Calculations and Approach

What do outcomes measure?

- Student progression
- Degree complete
- Equity population completion
- Workforce alignment
- Economic development

**How do we incentivize these outcomes?**

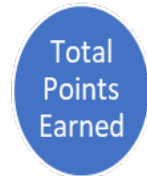
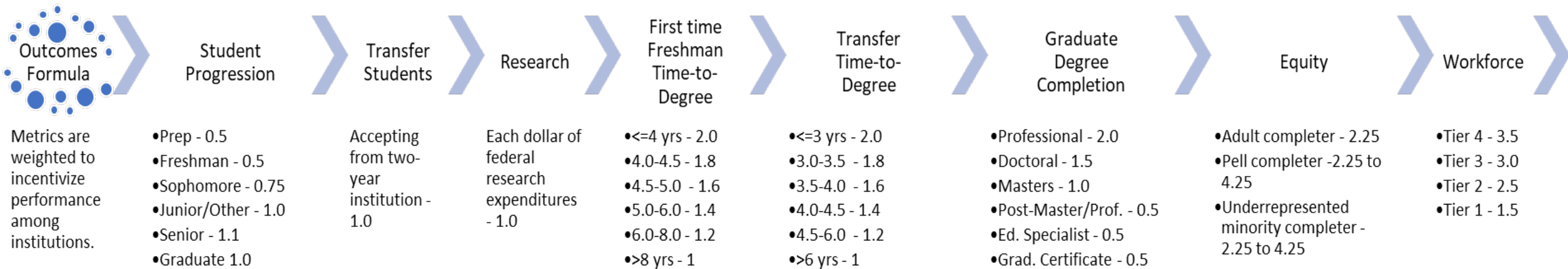


# Outcomes: Metrics

Outcomes Based Funding Formula Metrics by Category	
<b>Completers</b>	Retention/Progression: Enrollment counted at the student level, by the accumulation of credit hours Time-To-Award for Students Earning an Associate Degree Time-To-Award for Students Earning a Baccalaureate Degree (both Native and Transfer-In) Completers by Degree Level: Certificate, Diploma, Associate, Baccalaureate, Graduate Number of Students Cross Enrolled at Two and Four-Year Institutions Number of Transfers from Two-Year to Four-Year Institutions
<b>Research</b>	Grant Funded Research
<b>Workforce</b>	Number of Completers Leading to 4&5 Star Jobs
<b>Equity Completers</b>	Completion by underrepresented minorities Completion of Students on Pell Undergraduate Adult (Age 25 and Older) Completers

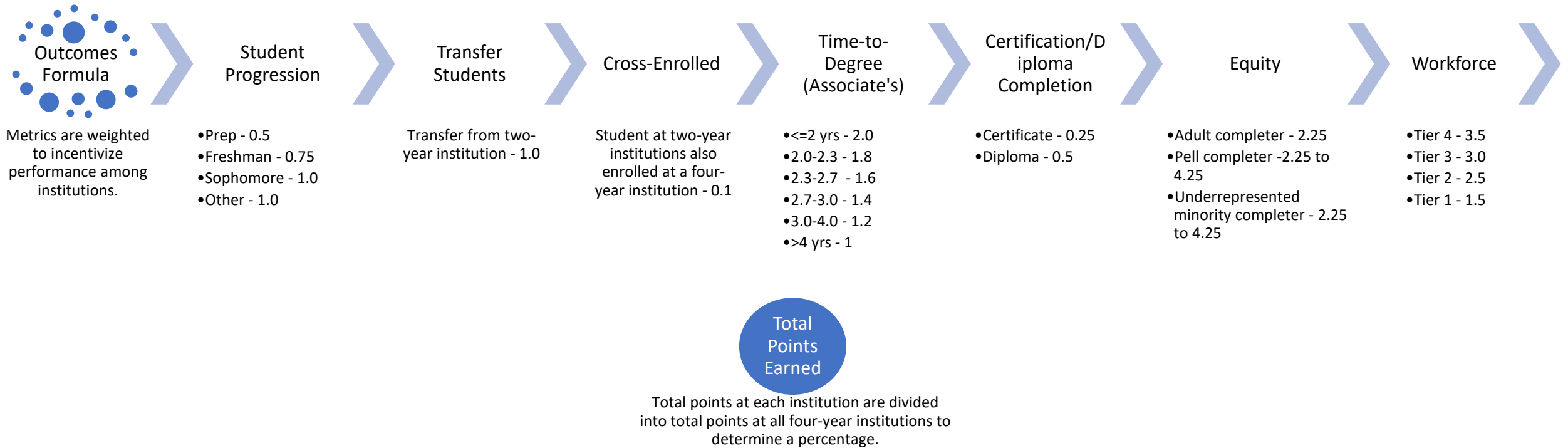


# How Do We Calculate Outcomes? Four-year Institutions



Total points at each institution are divided into total points at all four-year institutions to determine a percentage.

# How Do We Calculate Outcomes? Two-year Institutions





# Institutional Outcomes Examples

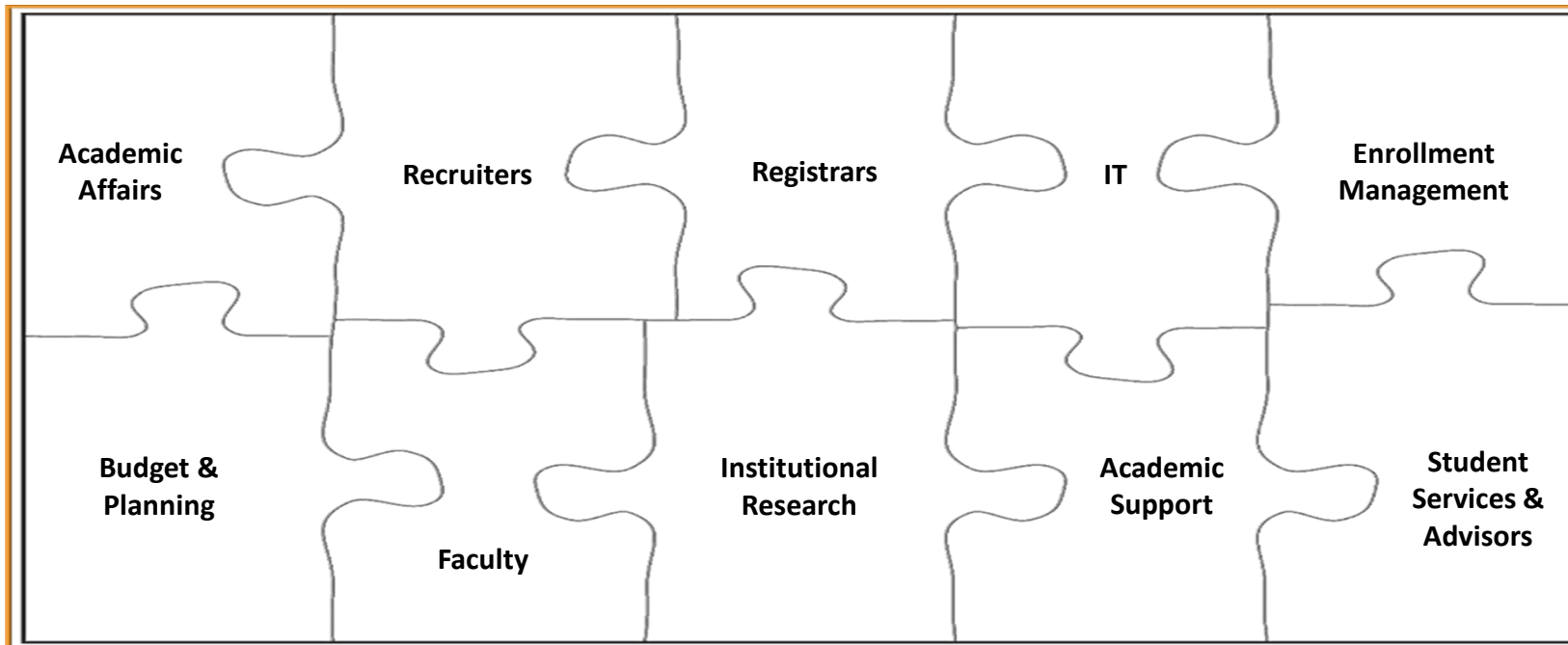
Category	Student A	Student B
Senior level progression	1.1	1.1
Completes degree in 4 years as transfer	1.6	
Completes in Social Service	1.0	
Completes degree in <3 years as transfer		2
Completes in Computer Science		3.5
Is a Pell student completer	3.25	3.25
Is an equity population completer	4.25	4.25
Is an Adult completer		3.25
<b>Total earned for student</b>	<b>11.2</b>	<b>17.35</b>

# Perspectives: Outcomes

We share the same goals in order to achieve BOR's Master Plan.

The outcomes approach considers, engages, and enables the entirety of the institution.

OUTCOMES DEMANDS...



# Thank You



## Contact Information

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