

Performance-based funding in community colleges hinders success of at risk students

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A new study from the University of Houston College of Education indicates that performance-based funding (PBF) for Texas community colleges could disproportionately penalize colleges that predominately serve students from disadvantaged backgrounds.

Assistant professor Lyle McKinney tracked a cohort of 7,000 students who entered a large, urban [community college](#) system in Texas in fall 2007. Retroactively applying the metrics from the current performance-based funding model adopted for Texas community colleges during the last legislative session, his study identified which students would bring in the most performance-based funding for the college and which would bring the least.

The current PBF formula awards community colleges \$185 per "student success point," some of which include passing the first college-level math course, completing 15 semester credit hours, earning a degree or certificate, or transferring to a university. PBF represents 10 percent of state appropriations to community colleges.

"What we found was that African-American students, older adults, students who attend part-time, those who had a GED versus a [high school diploma](#) and those assigned to the lowest level of developmental education brought significantly less performance-based funding to the institution," McKinney said. "About 28 percent of the students in our sample would have actually procured no performance-based funding for the college."

McKinney says in financially challenging times for higher education, even well-intentioned institutions may feel pressure to less aggressively recruit and enroll those students who are less likely to graduate, or who need additional support to move toward graduation.

"If you are resource-dependent on state appropriations, what is one the most efficient ways to increase the funding that you get from the state? You begin to restrict admissions among students who are less likely to achieve the outcomes in the funding model and you recruit more students who have a greater likelihood of being successful," he said. "It's called 'creaming,' and it means institutions have incentive to recruit only the 'cream of the crop.' That has major implications for institutions such as community colleges. It is an incredibly troubling potential unintended consequence of performance-based funding."

McKinney says his study is about improving success among the community college [students](#) of Texas. It includes recommendations to provide direct funding incentives in the PBF model for the success of one or more at-risk student groups, to introduce measures that wouldn't punish institutions for experimenting with new programs to increase student success, and to better understand the impact of PBF on community colleges before a larger proportion of state funds are tied to the model.

"While there is no perfect performance [funding](#) model, our study can help inform policy discussions about the ways in which Texas' model for community colleges could be improved," McKinney said.

McKinney's study, conducted with Linda Serra Hagedorn/Iowa State University, is funded by the Greater Texas Foundation. He recently presented his findings at the Association for the Study of Higher Education.

Provided by University of Houston

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