

Incentivizing the Full Pathway to Completion

Purpose

An Advisory Committee, in collaboration with NCHEMS, conducted a legislatively mandated review of Louisiana's higher education funding formula, initiated by the Louisiana Board of Regents. The purpose of this review is to ensure that the funding model aligns with the state's Higher Education Master Plan and supports the goal of having 60% of all working-age adults in Louisiana earn a degree or higher-value credential by 2030.

Current Formula Challenges

Louisiana's higher education funding formula faces key challenges in its cost and outcomes components. The cost model is complex and relies heavily on external data, making it less transparent and more prone to data delays. The outcomes metrics can be improved to recognize priority jobs, student progression, and the institutions' missions. Simplifying the formula and aligning metrics with institutional missions could improve transparency and funding equity.

Advising Group Guidance

- Maintain the base component.

- Focus on workforce development.

- Incentivize completions.

- Reduce research priorities.

Proposed Formula Changes:

Simplified Funding Formula

- The new model eliminates the cost portion of the funding formula and shifts resources to increase the base and outcomes of the model.
- The *previous model* consisted of a **50% base portion**, a **20% cost portion**, and a **30% outcomes portion**. The *new model* will have a **65% base portion** and a **35% outcomes portion**. The cost portion was eliminated because it relied on complex data and several external data sources for Louisiana.

Improvements to Outcome Metrics

- The new model has adjusted weights for certain metrics to emphasize student progression and completion rates more effectively.

New Outcome Metrics

- New metrics have been added to incentivize improvements in introductory reading and math passage rates. These metrics align with the Board of Regents Meauxmentum initiative to enhance higher education outcomes.

Proposed Change Goals

The 2024 proposed funding formula aims to simplify higher education funding in Louisiana, enhance transparency, and incentivize student and institutional success. Developed with broad input, it aligns with the Regent's Master Plan, emphasizing access, educational attainment in high-demand fields, and support for diverse institutional missions to better meet state workforce goals.

