# Theory of Action

To be effective, a funding model must not only set expectations for universities, and reward achieving them, but also have consequences for missing the mark on them. This proposal seeks to avoid past formula mistakes by improving on the **timing** of institutional accountability, the **issues of interest** for which institutions are being held accountable, and the **actionable measures** taken to regulate institutions actions and decisions in order to align them with stated goals.

While it's reasonable to hold institutions accountable for how they spend new funds, they must be "sufficiently" resourced before they can be expected to meet their target affordability, enrollment, and outcomes goals. However, if they are still not doing so, it may be because they have not adequately invested in the supports, put the right systems in place, and/or equitably targeted specific student groups. As a result of missing targets, institutions could face *category-specific* consequences that could start with increased monitoring, move to receiving direction on spending, and end with diminished access to additional funds.

# Four Accountability Categories

## Spending

Given the substantial new investments institutions should expand spending transparency and be held accountable for how additional funds are being directed.

## Affordability

With significantly additional funding going toward lowering students’ expected share of costs, universities should demonstrate an equitable reduction in the overall price of attendance for students.

## Enrollment

Universities will have more funds dedicated to increasing affordability and access, which should drive enrollment increases.

## Outcomes

Outcomes improvements should result from increased affordability and access. However, it takes time to improve supports, and the benefits on student outcomes lag.

- Including both absolute and progress metrics and reductions gaps.

***Metrics in each category should address absolute and progress metrics as well as reduction in gaps.**

# General Structure

- **Expectations of all institutions**
  - Build out data capacity to satisfy reporting requirements
  - Annual reports of progress against targets
    - Spending transparency at a student level by group
  - Annual spending plans and report of previous years' use of new funds

- **Accountability structure**
  - As noted in the theory of action, this accountability structure is centered on adequacy
    - Institutions will be held responsible for making progress on metrics **once they receive sufficient resources** to lower prices and build systems necessary to make progress in enrollment, persistence, and completion.
      - However, they will be measured throughout
  - Accountability measures are layered in consistently as institutions are increasingly better funded.

# Example of Introducing accountability and transparency categories

| Percent of Adequacy | Spending Transparency (Additional Funds) | Affordability | Enrollment | Outcomes |
|---|---|---|---|---|
| 0% | X | | | |
| 10% | X | | | |
| 20% | X | | | |
| 30% | X | | | |
| 40% | X | X | | |
| 50% | X | X | | |
| 60% | X | X | X | |
| 70% | X | X | X | X |
| 80% | X | X | X | X |
| 90% | X | X | X | X |
| 100% | X | X | X | X |

# Possible Accountability Ideas: Institutions

1. Metrics: improvement to certain numbers or by percentage
   a. Institutions are expected to improve by a certain amount, percentage, or to a certain threshold.
2. Review panel evaluates for compliance
   a. A review panel of diverse stakeholders looks at universities' provided data and explanations to determine if universities are living up to their goals in each category.
      i. That could either be as a whole, or by category

For either accountability trigger, steps such as the following would occur:

1. Closer monitoring of spending
2. More direction in how to use funds (e.g. revised spending plan from state, controlled menu)
3. Not have access to other resources/incentives (e.g., innovation resources) until they meet or make progress in previously stated goals
4. Deeper category-specific reporting (e.g. admissions, enrollment, or retention processes)
5. Diminished access to additional funds from the formula

## Open Questions

1. Should institutions be responsible for the same sets of metrics?
2. Should institutions propose their own goals, have uniform expectations, or have the Commission set goals?