



ALIGNING INCENTIVES IN K-12 EDUCATION TO BOOST COLLEGE, CAREER, AND MILITARY READINESS

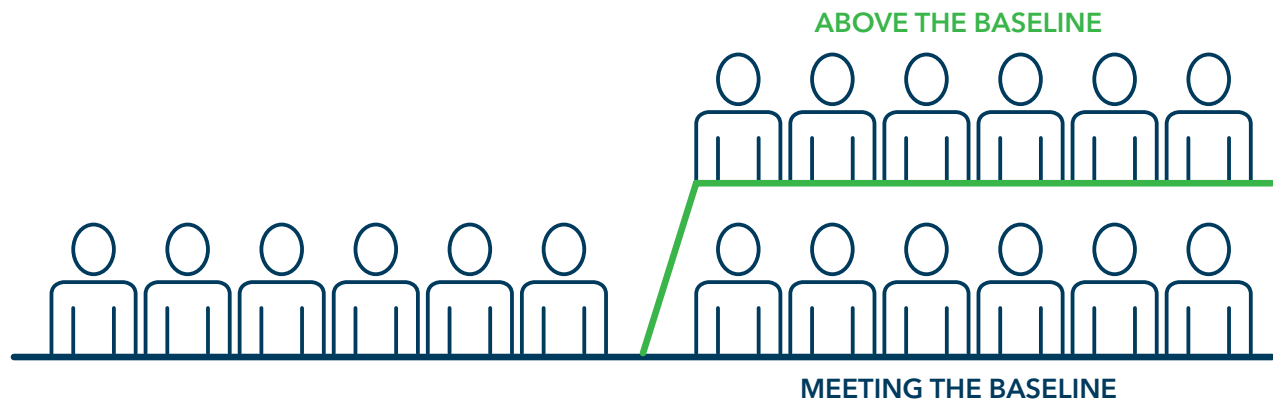
February 2023

Oklahoma's workforce pipeline begins in its K-12 classrooms. To have the workforce needed for our economy to grow and prosper, Oklahoma must ensure students are meeting the key foundational benchmarks that indicate they are prepared for success in whatever path they pursue when they leave high school. Every student is unique, so one-size-fits-all benchmarks—such as considering only college readiness—are too narrow. But no student should graduate high school without the basic education necessary to proceed to the next step in his or her journey towards a rewarding, productive, and prosperous life. By aligning institutional incentives toward the proper benchmarks, Oklahoma can reward schools and districts that are preparing students for the next step in this journey, and spark innovation within the broader school system to better serve students. The result will be a better prepared workforce.

BONUS FUNDING

One way to connect workforce needs with education is through bonus funding. Bonus or outcome funding rewards schools for meeting desired outcomes. It [pays for students' success](#) rather than the number of students enrolled. Payments would be on top of baseline funding the school is already receiving.

A baseline for each school would be calculated so that each successful student above that baseline would be included in the bonus payment. The number would be calculated six months post-graduation to capture the full success of students.



To make bonus funding effective in encouraging outcomes and impactful for the school, the payment should be [above 5% to 15% of the per student spending](#). According to a report by the Legislative Office of Fiscal Transparency, per pupil funding in Oklahoma is \$9,420 (totaling state and local funding). At this funding level, bonus payments should be set somewhere between \$471 and \$1,413 per student, depending on available funding.

Equity for certain student populations is also an important consideration. Providing more bonus funding for at-risk student populations recognizes the potential for increased costs in bringing these populations up to standard. As seen below, Texas' model includes such a feature, making higher payments for students with greater educational needs.

COLLEGE, CAREER AND MILITARY READINESS

The growing need for postsecondary education is pressing. In just two years, [77% of jobs](#) in Oklahoma will require more than a high school diploma. Of the 43,900 public high school graduates in 2020, [38.1% enrolled in an Oklahoma college or university](#). (In 2020, “[23% of the jobs in Oklahoma require a bachelor’s degree while only 17%](#)” earned one.)

Moreover, Oklahoma’s public education system is not consistently preparing students for postsecondary education. In 2019, only 15% of Oklahoma’s high school graduates met the cumulative college readiness benchmark for the [ACT](#), while only 27% met the cumulative college readiness benchmark for the [SAT](#). Nationally, 26% of takers met the ACT cumulative benchmarks and [45% of SAT takers](#) met the benchmark. The scores for college readiness on the ACT is 21 and 1010 on the SAT. **This means a large majority of Oklahoma graduating seniors are not prepared for the rigor of college courses, and Oklahoma’s students are achieving college readiness at roughly half the rate of the national average.**

OTHER STATES’ COLLEGE, CAREER AND MILITARY READINESS BONUS FUNDING

In 2019, Texas overhauled its K-12 funding system, largely based around a new performance funding framework that rewards school districts for career, college, or military readiness. The inclusion of the three different standards allows students to take any career path and be counted toward the success of the district.

Texas House Bill 3C, now [section 48.110 of Texas Education Code](#), awards districts for each student who exceed a baseline percentage meeting a benchmark in either ACT or SAT test scores, work certificate completion or military entrance exams. HB 3 also divides students into cohorts, awarding money based on the cohort.

-Educationally disadvantaged students: \$5,000 each above the baseline.

-Non-educationally disadvantaged: \$3,000 each above the baseline.

-Special Education: \$2,000 each above the baseline.

The measure is taken about six months after the students graduate to allow time for certificate completion. Texas’ college, career and military readiness payments are a portion of the funding formula.

In [Tennessee](#), the K-12 funding formula was overhauled to include base funding, weights, direct funding and outcomes based funding. The new funding formula will be fully implemented in the 2023-2024 school year. The outcomes-based funding considers college and career readiness indicators including literacy, various college level credit earning programs, industry certification, career and technology education completion, work-based learning or apprenticeship programs and FAFSA completion.

Both Tennessee and Texas use data that is readily available, and easily measured to create a baseline of performance and measure the funding allotment.

OTHER METRICS TO CONSIDER

Aside from test scores and certificates, outcome metrics for college, career, and military readiness could include the percentage of students entering college without needing remediation, being employed with a wage above the state average, or joining or staying in the military. These metrics would reward the district on truer career, college, or military readiness, but may be more difficult to measure.

In the fall of 2020, 4,651 Oklahoma incoming freshman to an Oklahoma higher education institution were enrolled in remediation courses in math, reading or English--nearly 30% of all Oklahoma public school graduates. Rewarding a school for decreasing this pool of students would increase success of students in college.

RECOMMENDATIONS

Oklahoma should incentivize school districts to better prepare students for the next step in their career pathway through performance-based bonus funding. Schools that increase the number of students ready for college, a career, or the military should be rewarded with increased funding.

