

Journal of Collective Bargaining in the Academy

Volume 0 *National Center Proceedings 2015*

Article 15

April 2015

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Recommended Citation

Smith, Mark F. (2015) "Performance Based Funding in Higher Education," *Journal of Collective Bargaining in the Academy*: Vol. 0 , Article 15.

Available at: <http://thekeep.eiu.edu/jcba/vol0/iss10/15>

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Performance Based Funding in Higher Education

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NCSCBHEP Conference

April 20, 2015

The Birth of the Modern Era in Higher Education

- **Our colleges need to see clearly what it is they are trying to accomplish.** The efforts of individual institutions, local communities, the several States, the educational foundations and associations, and the Federal Government will all be more effective if they are directed toward the same general ends.
... educational leaders should try to agree on certain common objectives that can serve as a stimulus and guide to individual decision and action.
 - *The Truman Commission Report, 1947*

What's Behind These Proposals?

- Desire of policymakers to justify policies at state and federal levels - ***Accountability.***
- Desire to improve education outcomes for students.
- Desire to control policies and practices.
- Desire to implement ideological commitment to business practices.

Recent History of PBF

- In 1990s many states adopted Performance Based Funding which involved bonus funding for institutions and individuals where performance metrics were met. Now known as PBF 1.0.
- Tennessee was the first in higher education, and still has its PBF 1.0 system in place.
- Many states dropped their systems largely for financial reasons.

Recent History of PBF

- In the 2000s several states instituted PBF 2.0 where the funding becomes part of the base funding for IHEs.
- Most states that developed their PBF 2.0 system dropped the PBF 1.0 system. However, Tennessee kept the old system in addition to implementing the new. It now utilizes both systems.

Characteristics of Performance Based Funding

- Ties institution funding to some measure(s) of performance outcomes or output.
- Proponents of such systems originally argued that this would empower colleges to fund what really works.
- Systems vary in terms of percentage of budget tied to performance funding, and the quantity and quality of measures used to determine “scores.”

Early Pitfalls of Performance Based Funding

- [In the throes of economic downturn of early 2000s.]
- “State governments were too broke to financially reward public colleges for performing well, and were politically unwilling to cut institutions' budgets based on poor performance, the institute said.”

*Nelson A. Rockefeller Institute of Government
Chronicle of Higher Education, January 17, 2003*

Early Pitfalls of Performance Based Funding

- Of 26 states that have adopted performance-based college-financing systems since 1979, 12 have scrapped them.... [These] systems had little buy-in from public colleges and were vulnerable to shifting political winds that caused the lawmakers or board members who championed them to lose power.... The authors suggest that advocates of performance-based financing need to find ways to insulate it from ups and downs in the state revenue cycle and to better secure the support of key politicians.

Peter Schmidt, “States Fail in their Attempts to Pay Colleges to Perform” Chronicle of Higher Education, April 24, 2009

More Recent Research

- A November 2014 study by Kevin Dougherty and associates at the Community College Research Center of Columbia's Teachers College explored PBF programs in 3 states in depth and identified levels of success in student outcomes, obstacles to success, and unintended consequences of performance based funding.

Student Learning Outcomes

- Despite widespread enthusiasm and implementation of these programs, there is no research that shows any improvement in student learning outcomes due to PBF 1.0 or 2.0.

Obstacles to Success

- Study identified 6 main obstacles to success:
 - Disadvantageous student composition
 - Inappropriate performance measures
 - Insufficient institutional capacity
 - Institutional resistance
 - Insufficient state funding to allow program innovation
 - Insufficient knowledge of and responsibility for responding to PBF on the part of college administrators and faculty.

Unintended Consequences

- More restrictive admission standards
- Weakening of Academic standards
- Compliance Costs
- Lessening of Institutional Morale
- Reduced emphasis on missions not rewarded by performance based funding
- Decrease in staff morale
- Weakening of faculty voice in academic governance.

Conclusions

- Study Found that states clearly deployed 3 policy instruments to deal with obstacles and unintended consequences:
 - Financial incentives
 - Dissemination of information on the goals and intended methods
 - Communication to institutions about their performance on the state metrics.
- They did **not** build up capacity of institutions to respond effectively to performance funding.

NEA on the Pitfalls of Performance Based Funding

- Insufficient Institutional Capacity
 - Lack of State Funding
 - Lack of Adequate Staffing Levels
- Inability to agree on metrics
- Lack of evidence that this improves student learning, retention, or completion.

NEA's Major Concern

- States funding this approach precludes funding more important student services
 - Enough faculty to teach courses
 - Support for faculty to advise and mentor students
 - not simply providing contingents only paid for work in the classroom.
 - Counselors to advise and guide students on their academic journey.

NEA Policy

- The Association ... believes that performance pay schedules, such as merit pay or any other system of compensation based on an evaluation of an education employee's performance, are inappropriate.

From the NEA Resolution on Salaries and Other Compensation

- In addition, NEA addresses general questions of accountability and assessment in policy resolutions and our Legislative Program. The Resolution on Student Assessment Programs in Higher Education was adopted in 1995, and updated in 2001.

Individual Learning, Growth, and Development

- The National Education Association believes that learners grow and develop at different rates and in different ways. Individual learning progresses in a highly complex manner that includes periods of rapid growth and periods of intellectual consolidation.
 - *From NEA Resolution on Individual Learning, Growth, and Development*

Assessment of Student Learning

- The National Education Association supports ongoing comprehensive assessment of student growth. A student's level of performance is best assessed with authentic measures directly linked to the lessons taught and materials used by teachers.
 - *From NEA Resolution on Assessment of Student Learning*

Student Assessment Programs in Higher Education

- Student assessment programs in higher education, properly designed and administered, can be crucial tools for diagnosing student and institutional needs, improving instruction and counseling services, and designing long-range plans.
 - *From NEA Resolution on Student Assessment Programs in Higher Education*

Student Assessment Programs in Higher Education should—

- a. Be designed institutionally rather than by the state
- b. Be planned, designed, implemented, and evaluated by faculty
- c. Be implemented in accordance with collective bargaining contracts where such contracts exist

• *From NEA Resolution on Student Assessment Programs in Higher Education*

Student Assessment Programs in Higher Education should—

- d. Be sufficiently flexible to accommodate the cultural, economic, and linguistic diversity among students
- e. Provide tests appropriate for students with identified learning disabilities
- f. Provide faculty with information to improve individual student learning styles and aptitude.

- *From NEA Resolution on Student Assessment Programs in Higher Education*

NEA supports student assessment programs in higher education only if—

- a. They are accompanied by adequate funding for remedial programs and advisement
- b. Remedial programs are designed and provided to meet the deficiencies identified through assessment
- c. Advisement is designed and provided to link the remediation of individual students to the completion of their degrees, certificates, or other appropriate courses of study.

• *From NEA Resolution on Student Assessment Programs in Higher Education*

NEA Strongly Opposes –

- a. The use of student assessment programs to deny access to, or exclude students from, educational opportunities.
- b. The use of any single test to deny access to regular credit classes.
- c. The use of student assessment programs for the purpose of evaluating faculty, academic programs, or institutions.

- *From NEA Resolution on Student Assessment Programs in Higher Education*

Post-Secondary Education Issues from NEA Legislative Program

NEA supports

- federal programs, including provision of resources for instruction, research, and library materials, that enhance effectiveness of and advance excellence in two- and four-year postsecondary education institutions;
- federal programs to enhance educational programs and improve student performance in all curricular areas;
- promotion of research and development of knowledge, including access by students to advanced technological resources and teaching;

Post-Secondary Education Issues from NEA Legislative Program

NEA supports

- the promotion of articulation agreements between secondary and post-secondary institutions (as well as between different post-secondary institutions) when the content of those agreements has been determined by educators from both sectors;

NEA opposes

- use of dropout rates or completion rates in accountability measures used to qualify institutions for public financial support.

Additional Risks of Inappropriate Systems

- Distorts Education, dumbs down curriculum and substitutes bureaucratic-administrative decision-making for educational process.
- Violates Academic Freedom by telling faculty what and how to teach.
- Destroys the purpose of higher education. You cannot build a knowledge base for the future if you only fund current preoccupations.

What do we want to see in Accountability Systems?

- **Institution based programs, planned, designed, implemented, and evaluated by faculty, in accordance with collective bargaining contracts where such contracts exist**
- **Be sufficiently flexible to accommodate the cultural, economic, and linguistic diversity among students, and provide faculty with information to improve individual student learning styles and aptitude.**
- **Adequately funded, and staffed.**

Where do we go from here?

- As with all aspects of building support for higher education we need to engage the public in these discussions. Our objections to ill-advised accountability proposals are not to evade responsibility. They are to prevent inappropriate measures distorting the process of education.
- Engage in the public conversation

Bargaining the Issue

- **Implementing assessment, accountability, or learning outcomes procedures takes time, affects workload.**
- **When states and/or accrediting agencies impose these things, faculty unions have to bargain the implementation.**
- **How are procedures structured and used to assess student learning?**
- **How are procedures structured and used to evaluate faculty and staff?**

An Early Critic of Business Style Accountability in Higher Education

- The underlying business-like presumption accordingly appears to be that learning is a merchantable commodity, to be produced on a piece-rate plan, rated, bought, and sold by standard units, measured, counted and reduced to staple equivalence by impersonal, mechanical tests. In all its bearings the work is hereby reduced to a mechanistic, statistical consistency, with numerical standards and units; which conduces to perfunctory and mediocre work throughout, and acts to deter both students and teachers from a free pursuit of knowledge, as contrasted with pursuit of academic credits.

Thorstein Veblen
The Higher Learning in America, 1918

Highly Selective References

- Kevin Dougherty and Vikash Reddy, Performance Funding for Higher Education: What are the Mechanisms? What are the Impacts? ASHE Higher Education Report, 2013.
- Janice Nahra Friedel, Zoë Mercedes Thornton, Mark M. D'Amico, Stephen G. Katsinas. ***Performance Based Funding: The National Landscape.*** The Education Policy Center Issue Brief, University of Alabama. September 2013.
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Highly Selective Resources

- Kevin J. Dougherty, Sosanya M. Jones, Hana Lahr, Rebecca S. Natow, Lara Pheatt, and Vikash Reddy, ***Implementing Performance Funding in Three Leading States: Instruments, Outcomes, Obstacles, and Unintended Impacts.*** CCRC Working Paper No. 74. Community College Research Center, Teachers' College, Columbia University. November 2014.
<http://ccrc.tc.columbia.edu/media/k2/attachments/implementing-performance-funding-three-leading-states.pdf>