

State Policy and Student Success

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The Contemporary Context

- Pressures on “business as usual” in higher education:
 - Growing economic threats
 - Industry disruption
 - Growing accountability pressures
 - Growing affordability pressures
- How are states responding?

Potential Strategic Responses

- Reducing spending, improving efficiency
- Increasing bureaucratic control, monitoring
- Shifting priorities away from activities with arguably lower state returns
- Increasing emphasis on economic development
- Incentivizing strategically desired action
- Improving workforce quality (student outcomes)

Some Specific Tactical Responses

- The “New Normal” in state spending
- Retreat from “the Wisconsin Model”
- Enhanced data and decision-support systems
- Responsibility-centered budgeting
- Upstream efforts: “Eminent Scholar” programs, R&D tax credits
- Student “quality-control” measures (e.g., admissions)
- College-completion initiatives (all levels)
- Differential funding/pricing by degree, major areas

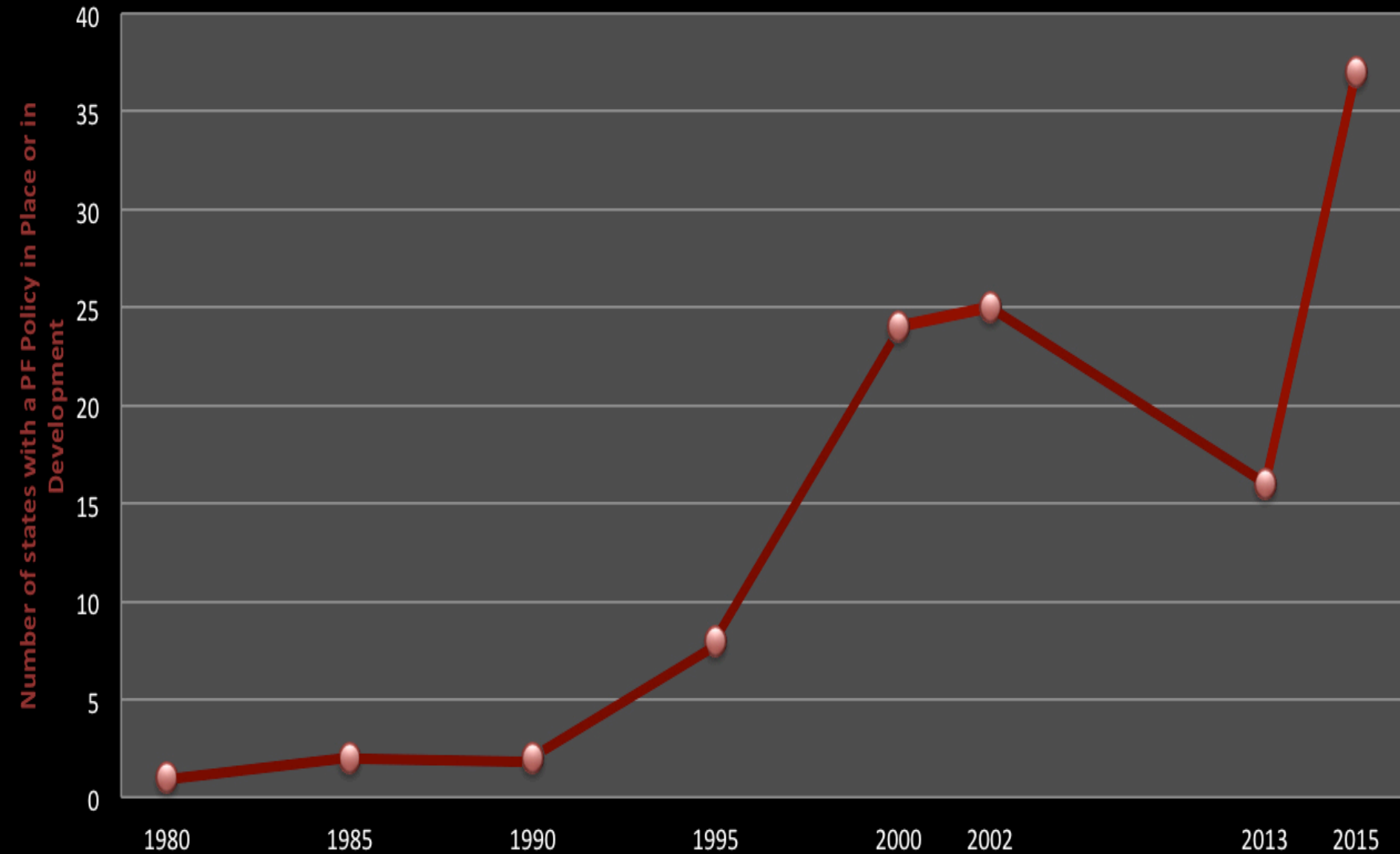
And, of course, Performance Funding

- Contemporary PF focuses on:
 - student progression
 - completion and outcomes
 - productivity and mission
 - “priority” students and programs

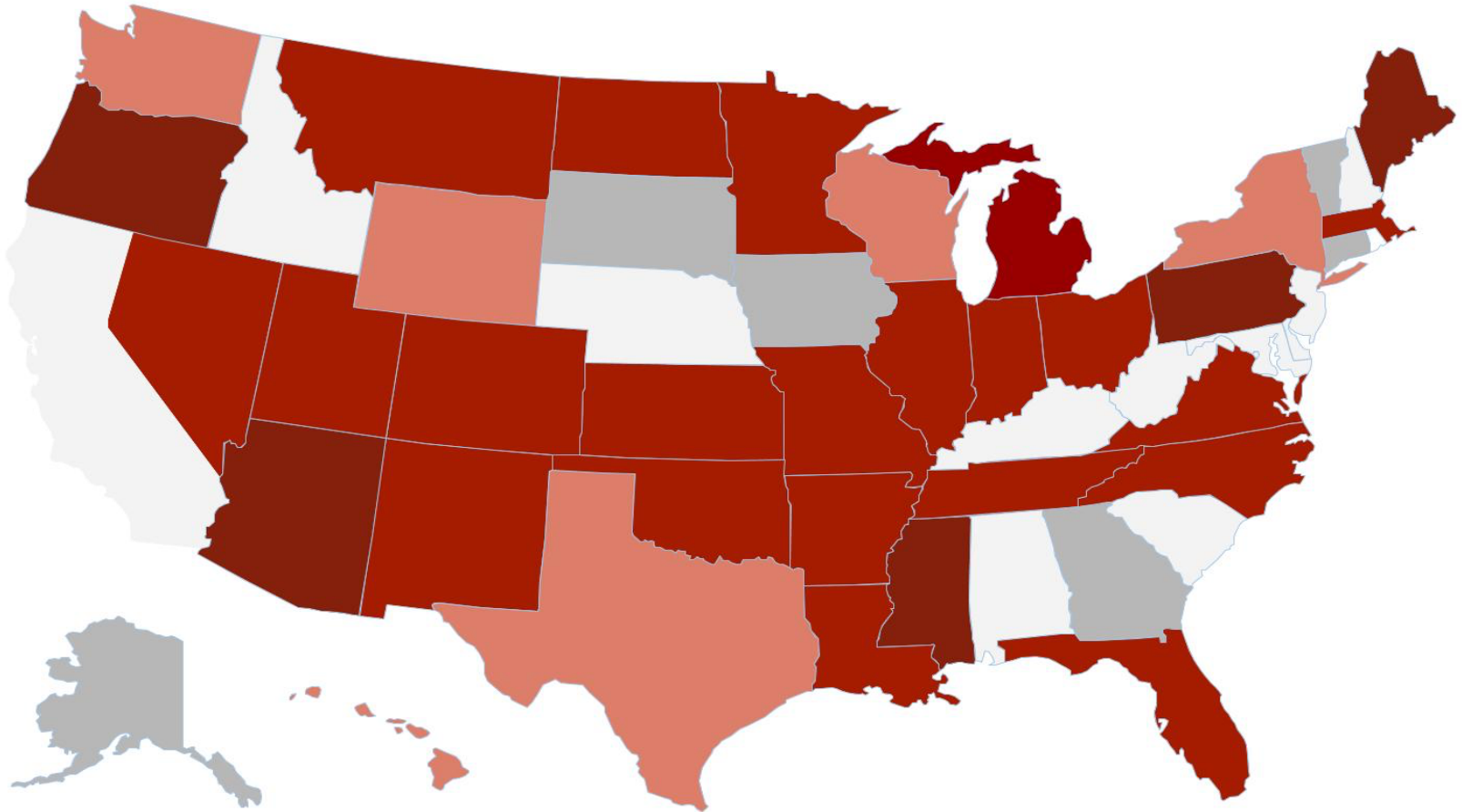
A Shift in State Funding Approaches

- PF is an alternative or supplement to states' historic reliance on:
 - *“base-plus” funding*
 - *enrollment-based formula funding*
- A few years ago, we thought PF was fading, but...

It's not dead yet....



In fact, PF is very, very alive....



Contemporary PF Seeks to...

- Connect funding systems to state goals/priorities
- Fund higher education more cost-effectively
- Incentivize strategic innovation
- Emphasize standards/metrics
- Feature simplicity, transparency
- Emphasize student outcomes

Proliferation, but with Variation

- Diverse versions of PF deter generalizations
- Only a few states tie over 50% of all institutional funding to performance:
 - North Dakota
 - Nevada
 - Ohio
 - Tennessee
 - Mississippi

So, how's PF doing?

- Advocates see successes:
 - improved learning outcomes in Tennessee
 - improved cc enrollments, graduations in Florida
 - improved student progression in Ohio
 - greater campus awareness of strategic priorities
 - institutional budget shifts toward state goals
- Critics see problems, though

Problem 1: Identifying and Measuring Outcomes

“What is unique [to higher education] is the absence of a common, undisputed, easy-to-measure, and unambiguous metric such as contribution to profit. A business only has to apply the single metric of profit to each of its products. A university cannot do this – not because it does not want to or know how to but because *it cannot be done.*”

– D. Bruce Johnstone, former SUNY Chancellor

Problem 1: Identifying and Measuring Outcomes

- Colleges and universities are multipurpose organizations
- So, definitions of high quality differ, based on how actors weigh priorities
- Absent external pressures, differences can persist
- Facing external pressures, conflicted institutions may narrow their purpose, “teach to the test, “game the system,” etc.

Problem 1: Identifying and Measuring Outcomes

- Importantly, one needs to ask:
 - Do PF's progress and completion emphases encourage admissions "creaming"?
 - Do PF's progress and completion emphases encourage a de-emphasis of rigor and critical thinking?
 - Do PF's progress and completion emphases discourage student experimentation, detours?

Problem 2: The Pursuit of Efficiency

“A system which is efficient in the static sense at every point in time can be inferior to a system which is never efficient in this sense, because the reason for its static inefficiency can be the driver for its long-term performance.”

– Joseph Schumpeter, economist and influential innovation theorist

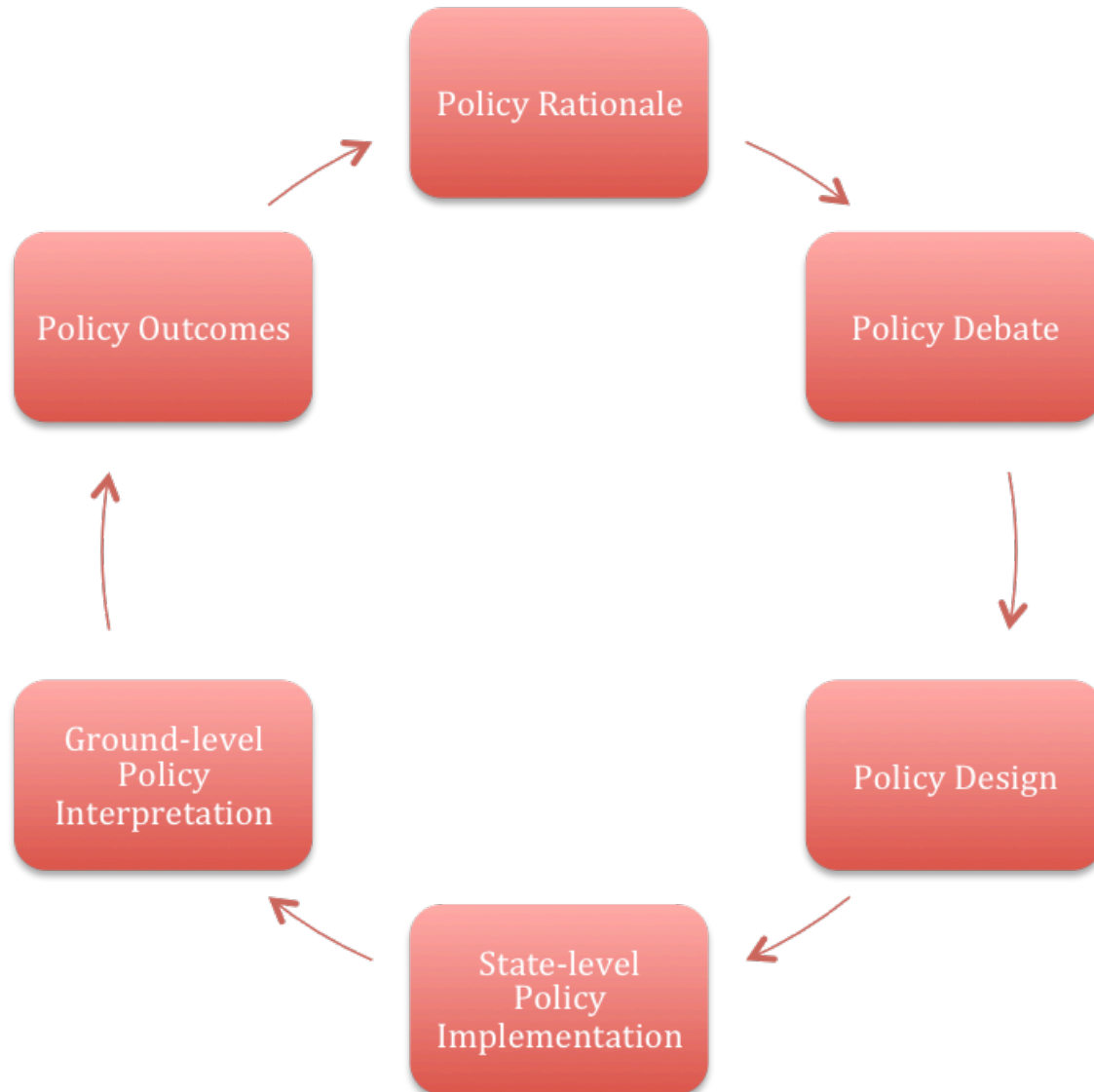
Problem 2: The Pursuit of Efficiency

- One person's textbook example of inefficiency may be another's example of colleges' nurturing climate for discovery and innovation
- Personal agency => creativity, commitment, growth?
- At what cost come lowered time to graduation, lowered taxpayer costs, etc.?

Problem 3: PF's "Theory of Action"

- Government policies => distal, if any, effects
- A long, winding, loosely coupled path
- An absence of cost-effectiveness may not imply a flawed rationale

The Policy Life Cycle



Problem 3: PF's "Theory of Action"

- Assumptions about goal consensus
- Assumptions about goal measurement
- Assumptions about what works
- Assumptions about administrative control
- Assumptions about organizational attention, slack
- Assumptions about faculty responses, motivations

Problem 3: PF's "Theory of Action"

“Trying to change an educational system is like trying to move a cemetery: there’s not a lot of internal support for it.”

– Lee Dreyfus, former governor of Wisconsin

Problem 4: Cause/effect Relationships

- Virtually no systematic evidence on PF's cost-effectiveness
- Multiple, widely varied implementations over the years

Problem 5: The “Public Good”

- Uniform vs. differentiated standards
- Debatable incentives at the campus level:
 - Selectivity
 - Pass-through rates
- Poor performance \Rightarrow cutback, closure?

On the other hand...

- States clearly have a right to expect accountability for taxpayer dollars
- At the most basic level, public colleges and universities provide a fee for service
- Purchasers can justifiably demand performance

Managing Expectations

“The ideal relationship as far as the university ...is concerned would be one [in which] money passes in the dead of night from a donor who would never know the object of his largess to a recipient who would never know who gave the money or why. Some government observers refer to this as the ‘leave it on a stump’ approach.”

– John Gardner

Moving on

- So, what constitutes a productive path forward?

“No holy writ gives higher education a right to ... independence for institutional actions. No natural law confers upon it escape from public surveillance. The case of reasonable independence must be made with reasonable arguments.”

– Carnegie Commission on Higher Education,
1974

Six Precepts for State Action

- *Identify state priorities and communicate them well*
- *Encourage campus freedom to experiment*
- *Incentivize collaboration and innovation*
- *Design approaches that are understandable, measurable, cost-effective, reflective of core strategic priorities*
- *Differentiate standards/metrics by sector mission*
- *Recognize the public returns to “static inefficiency”*

Six Precepts for Campus Leaders

- *Accept legitimacy of reasonable state assertiveness*
- *Highlight benefits of institutional autonomy*
- *Re-emphasize institution-specific mission and goals*
- *Incentivize experimentation and innovation*
- *Engage with stakeholders around shared priorities*
- *Pursue clarity and transparency*

Comments and Discussion?