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Funding and Performance in Public Colleges and Universities: The Presidential Perspective

Commentary

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Funding for public higher education in the American states is a mess. The golden age ended some 40 years ago. With the reluctance of state legislatures, especially, to fully fund both access and quality in public colleges and universities, the burden has shifted toward student-paid tuition and fees. Students, parents, and public officials know this, and their gut reaction is to seek more bang for the buck. *Public Administration Review* readers will recognize this as a familiar problem in public administration.

As government-sponsored and -supported institutions of higher education compete with other state functions (such as K–12 education, health care, and corrections) and among themselves, new approaches to higher education funding have been tried. Typically, university budgets have been based on some sort of base allocation, traditionally centered on student enrollments and, perhaps, the mix of fields and levels of instruction. State and local funding for higher education today is about $80 billion.

In the last two decades, new pressures have emerged for public universities: student success, typically defined as student retention and college completion; arbitrary but widely publicized college rankings; recognition of the fundamental link between post-secondary education, good jobs with higher income, and the twenty-first-century American economy; two recessions; and, perhaps inevitably, support based on performance. Performance-based funding in one form or another has already been initiated in about half the states.

College and university presidents have a unique vantage point in budgeting for higher education. They are the principal advocates for their institutions, regularly dealing with governors and state budget offices, legislative committees and individual legislators, and state and institutional boards. At the same time, they look inward, leading institutional administrators, faculty, and staff in actually delivering higher education services—instruction, research, and public service.

As someone who has been a university administrator in three quite different states—with and without performance funding—I find the research reported in Thomas Rabovsky's article "Support for Performance-Based Funding: The Role of Political Ideology, Performance, and Dysfunctional Information Environments" most welcome.

I come to this commentary as a former president at a regional comprehensive university in a state system without "performance funding" for my first eight years as a president and then with performance funding for eight years while I was still a university president. So I view this article through the lens of a president who lived through this change in policy.

Performance funding for higher education is here to stay. The pressures from public officials and our other stakeholders persuade me. So public colleges and universities must get on board.

As a supporter of "performance-based accountability," I was heartened to learn from Professor Rabovsky that most responding presidents supported some kind of performance funding. I was impressed by the findings that there were "no statistically significant differences in the levels of dysfunction ascribed to performance information use between respondents in performance-funding states versus those in non-performance-funding states." He correctly argues that without presidential support, performance-based reforms will fail. But there are caveats.

Rabovsky is correct in suggesting that performance-funding policies in public higher education have not been accompanied, for the most part, by an increase in autonomy, much to the frustration of presidents. I felt that frustration keenly. I was in a system that used a performance-funding policy that provided add-on dollars. My university was strong on all the measures. But when it came to adding dollars for improvement, my university sometimes could not claim those dollars. For example, the system rewarded universities

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that increased the number of transfer students. We already had a high proportion of transfer students and did not want to become an upper-division institution. So we did not increase our numbers for rational reasons consistent with our strategic plan. But we lost out on some dollars. Other problems occurred when some universities in our system "gamed" the data they provided. Performance funding is only as good as the performance measures and the performance information utilized. Other problems arise when there is a fixed pot of money, and performance funding becomes a zero-sum, highly competitive game.

On the positive side, I was able to use the policy to motivate faculty, administrators, and staff to move more quickly than would be the normal case to achieve improvements. There was that outside carrot and stick. And move ahead we did.

For public colleges and universities to embrace the policy of performance funding and accountability, they need to see that the policy is "fair" and is motivated by concerns of substance, not politics or ideology. This is supported by Rabovsky's findings. To ensure their support, presidents should be brought into the process of developing such policies or revising existing policies that do not seem to be working. This "fairness" component is essential if the president is going to successfully sell this form of accountability to all stakeholders.

Has this most recent innovation in higher education worked? Regarding outputs, or activities, it certainly has brought a response from most institutions. Regarding outcomes, such as degree completion, the evidence is not yet clear. This article helps us understand the perspective of institutional leaders in states with and without performance funding. This article also encourages a research agenda on the approaches, processes, and impacts of an important public policy change—performance funding in public higher education.

Some colleges and universities require only the FAFSA, while others have supplemental financial aid forms for their institution that must be submitted as well. A handful of public schools use the College Boardâ€™s CSS/Financial Aid PROFILE (available at www.collegeboard.com) to determine studentsâ€™ eligibility for merit-based aid. Unlike the FAFSA, the CSS/PROFILE is not free; you must pay for each school you choose to receive a report.Â Merit aid: Some students may be offered merit aid based upon their outstanding academic performance in the classroom and on standardized tests.Â Most public universities accept transfer credits from community colleges, and some have articulation agreements that make the process even easier. What Are Public Universities and Private Colleges and Universities? Letâ€™s start by defining public and private colleges and universities. Public universities are institutions of higher learning funded by state governments. Top public universities includeÂ Private universities receive no funding from the government. Since all programs and operating costs are funded by private individuals, students must cover the full cost of attendance (without subsidies from the state). The end result is that tuition at private universities is more expensive than tuition at public universities. The average cost of tuition and fees at private universities for first-year students is $25,914. At public universities, the average cost is $5,897 for state residents. @inproceedings{Adler2014CommentaryFA, title={Commentary: Funding and Performance in Public Colleges and Universities: The Presidential Perspective}, author={Madeleine Wing Adler}, year={2014} }. Madeleine Wing Adler.