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# Our Universities: Charters and Performance

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## Our Universities: Charters and Performance

States universities should revisit the history of Performance-Based Funding of higher education. A uniform approach will not work well. Instead, there must be as many performance models as there are universities in a state. While attainable, this is an especially challenging goal.

*Some states have applied such standards to public colleges and universities, where they have often met stiff resistance. Academic leaders argue that there is no uniform agreement on the measures for evaluating performance in higher education and that yearly redistribution of funds based on such measures could make long-term planning impossible.*

Kenneth Ashworth, Former Executive Director of the Texas Board of Higher Education, *Change* 1994

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Illinois Governor Pat Quinn recently signed performance-funding legislation for universities. Virginia is implementing a tailored, statewide process that will fund universities based on measurable outcomes and performance. Ohio is working on a “charter” university concept. Other states, too numerous to mention, are proposing funding based on various formulas and performance targets. Voucher systems for public higher education may be next...like the GI Bill... and would give students the dollars and let them vote with their feet.

Performance funding has been tried with mixed results over the last three decades. Of the twenty-six states that have dabbled in performance-based funding, half have dropped it and several started it up again. Often these approaches had some positive results in various areas of university performance, from the cost of attendance and the value of a degree, to the impact of universities on the intellectual capital of the state.

This is all to the good. Nothing ventured, nothing gained.

On the downside, though, leadership may set up performance measures with a one-size-fits-all model that drives them to thresholds of acceptability rather than excellence. Even US News and World Report values the importance of specific missions - and their goal is to increase sales, not university quality. California works under the three-size model, and some believe it to be the benchmark for the planet. No matter the model, institutional competitiveness must be a key factor in the equation.

Measures must be distinctive for each university. For example, as the average standardized test scores for freshmen increase, so too should performance expectations.

To be well served, students testing at the 90<sup>th</sup> percentile require a different course of action than students at the 50<sup>th</sup> percentile. The quality of the graduate schools that seniors are accepted to might be a more fitting measure. But meeting the expectation of graduation doesn't say anything about the success of the research university in doing its job. Universities are responsible for developing talents, not just branding students on their haunches.

Like cattle.

Funding should follow success relative to a school's mission. For nationally competitive research universities, retention and graduation rates should not even be in the equation at the state level. Success in graduation is expected, not meritorious, behavior. Research and endowment funding, or Graduate Record Examination scores of graduating seniors says more about institutional quality in research universities.

On the other hand, schools that focus on providing opportunities to academically challenged students should be rewarded if students graduate on time, or for placing graduates in appropriate jobs related to their studies. Universities will produce what the state rewards. Since universities have different missions in a well-designed state system, funding should be calibrated to the goals of each institution. Additionally, universities should be rewarded for encouraging and achieving changes in student performance.

Bureaucracies don't understand excellence. They understand sufficiency. A committed and enlightened Board of Regents or Trustees must address the statewide concerns of higher education and the distinctiveness of the university for which they have fiduciary responsibility. This requires strong academic leadership.

Aside from funding, rewards for performance should also include loosening of regulatory oversight by the state; that is what is on the table in Ohio. Good university leaders would likely choose the latter over the former. Educated, creative people want to solve problems, not work in an academic environment gauged by thresholds rather than rooftops. The freedom to innovate is a powerful motivator in strong institutions, and anathema in weak ones.

Since no two universities in a state should have exactly the same mission, it makes no sense that they should be measured on the same scale. Success will present itself differently in different settings. Establish challenging, forward-looking missions for our institutions one-at-a-time, and support the schools that meet their mission.

Meeting threshold standards, no matter how well intended, will dumb universities down, not lift them up.