

PRESS RELEASE

Contact: Georgia West Stacey
(212) 678-3394
georgia.stacey@tc.columbia.edu

Obama Pushes Higher Ed Performance Funding in His College Affordability Plan, but Does It Work?

NEW YORK, NY (Aug. 30, 2013)— If state performance funding systems are any example, the Obama administration should proceed cautiously with any plan to impose a federal system of performance funding on the country's colleges and universities.

"Thus far there is little evidence that performance funding improves student success," says Kevin Dougherty, a senior research associate at the Community College Research Center (CCRC), Teachers College, Columbia University. "It remains very much in the experimental stage."

Two [new](#) CCRC [reports](#) authored by Dougherty have found that in states where funding for public colleges and universities is tied to student performance, colleges struggle to pinpoint the causes of poor student outcomes, develop and implement meaningful solutions, and track whether the solutions are improving student success. Additionally, performance funding has the potential to produce strong negative side effects, such as lowered standards, decreased access for at-risk students, and a weakened faculty voice.

The Obama plan cites Ohio, Indiana and Tennessee as models of innovation to be emulated by the rest of the country. These states have all implemented performance funding systems that tie up to 90% of state funding to student success measures. It is widely expected if the Race to the Top for Higher Education competition goes into effect, the administration will favor state proposals that include a performance funding component.

Performance funding systems tend to have buy-in from state colleges, the reports find, but they frequently run into unanticipated obstacles.

"State policymakers tend to assume that if there is enough money on the table, schools will figure out how to get retention and graduation numbers up," Dougherty says. "But colleges need strong research capacity to figure out where the problems are and to implement evidence-based solutions. Absent greater state and federal support to help colleges engage in effective organizational learning, there is the danger that institutions will feel compelled to resort to tactics like ramping down recruitment of at-risk students or lowering classroom standards."

If the administration pushes states strongly to develop performance funding, they need to give them more guidance and resources, Dougherty advises. "In particular, they should favor plans that include increased funding and training for institutional researchers and faculty; financial incentives for enrolling at-risk students; and systems to track whether colleges are keeping up academic standards.

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The Community College Research Center (CCRC) (<http://ccrc.tc.columbia.edu/>) is the leading independent authority on the nation's nearly 1,200 two-year colleges. Founded in 1996, CCRC conducts research on the major issues affecting community colleges in the United States in order to identify practices and policies that expand access to higher education and promote success for all students.