

PRESS RELEASE

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Under Pressure From New Performance Funding Systems, State Universities Raise Admissions Standards, New Study Finds

NEW YORK, NY (Nov. 11, 2014)—In response to new, more aggressive higher education performance funding policies in Ohio, Tennessee, and Indiana, a number of state universities that have traditionally been open-access have become more selective in the students they admit, a new study has found.

The study, *Unintended Impacts of Performance Funding on Community Colleges and Universities in Three States*, released today by the Community College Research Center (CCRC) at Teachers College, Columbia University, is one in a set of four studies providing the first comprehensive analysis of how state policies tying a significant portion of higher education funding to student performance impacts institutional behavior.

Traditionally, public colleges and universities have been funded based on enrollment, holding them harmless for students who drop out. The new performance funding policies, termed Performance Funding 2.0 to distinguish them from earlier policies that awarded small bonuses based on student outcomes, intend to bring about improvements in practice at public colleges and universities by tying a significant share of base state funding to student outcomes such as persistence and graduation.

Underprepared students, often low-income, are at high risk of dropping out and—according to administrators and faculty surveyed for the study—one response at four-year universities affected by the new policies has been to raise admissions criteria so that fewer of these students enroll. While such changes have not occurred at the community colleges surveyed, faculty and staff expressed concern that their institutions feel similarly pressured to move away from an open-access model.

A number of additional unintended consequences were identified in the study. These include weakened academic standards, lack of cooperation between state institutions that now viewed each other as competitors, unexpected costs of compliance, and lowered staff and faculty morale.

Overall, the studies found that performance funding helped stimulate changes in institutional practice, particularly in developmental education, course articulation and transfer across two- and four-year institutions, and counseling and advising services. However, administrators at fourteen of eighteen colleges and universities reported having insufficient resources to identify the main barriers to student progression and completion, and to implement meaningful solutions.

“The good news is that performance funding is having an impact on awareness and action pretty

much across the board,” says Kevin Dougherty, senior research associate at CCRC, and the lead researcher on the project. “The bad news is that colleges often don’t have the resources they need to identify their problems, and implement and evaluate solutions. This may be one reason why we’re seeing unintended impacts emerge.”

The authors of the reports suggest that to avoid unintended impacts when crafting state performance funding policies, states should build in supports for institutional improvement efforts. Supports might include funding to underwrite the costs of enhancing information technology and institutional research capacity, and of developing new programs; building the state’s capacity to gather data and conduct analyses for institutions; and providing training for institutional researchers, college staff, and faculty. Additionally, performance funding formulas should include significant premiums for graduating at-risk students, and states should avoid comparing institutions serving different student populations.

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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.