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ABSTRACT

The purpose of this study was to examine the experience a single community college in Tennessee has had with the state's twenty-year-old performance funding policy, which makes state appropriations to colleges and universities contingent upon their performance on several educational performance indicators. Volunteer State Community College's experience was examined through a case study that incorporated the use of interviews, document analysis, and observations. Twenty-three faculty members and administrators at the college were asked to respond to seven interview questions. Several themes emerged from their answers, including: (1) many participants indicated that the enthusiasm for the policy was not there, as it was in the beginning; (2) although the majority of the interviewees believed that the idea behind the policy was good, very few were excited about its implementation on their campus; (3) executive administrators seemed more content with the policy than did other members of the college-some administrators appeared to "preside" over the policy rather than ensuring that it permeated through all levels of the institution and that its details were communicated to everyone; and (4) some respondents indicated that the policy has simply become a means to get more funding rather than truly emphasizing quality improvement. Ethical considerations, data collection, and resource allocation are discussed, and recommendations for future research are offered. Letters, an interview guide, an interview note form, a consent form, a confidentiality statement, and the author's vita are appended. (Contains 49 references.) (Author/EMH)

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**THE EXPERIENCE OF PERFORMANCE FUNDING
ON HIGHER EDUCATION AT THE CAMPUS LEVEL
IN THE PAST 20 YEARS**

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**A Dissertation
Presented for the
Doctor of Education
Degree
The University of Tennessee, Knoxville**

**Michelle Susong Freeman
December 2000**

JC020523

DEDICATION

This dissertation is dedicated to my husband

Mr. Rodney Freeman

and

To my parents

Ms. Sharon Susong

and

Dr. Wayne Susong

who have given me invaluable educational opportunities and support

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There are many people to whom I am grateful for making my time at the University of Tennessee so rewarding. I have been blessed by the relationships I have formed with the faculty in the Department of Higher Education as well as my fellow graduate students. Their knowledge and expression have opened my eyes to the world around me.

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ABSTRACT

Tennessee was the first state in the nation to adopt a performance funding policy which links a portion of state appropriations to colleges and universities to their performance on several educational performance indicators. The purpose of this study was to examine the experience of a single community college with the policy over the 20 year period since the policy was first implemented. A case study method was employed and involved extensive interviews with executive administrators, administrative faculty and faculty. The case study also made use of pertinent document analysis, and observations. Although few of the participants felt that the policy should be discontinued, several improvements were suggested, and a variety of themes emerged concerning the strengths and weaknesses of the policy.

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CHAPTER 1: INTRODUCTION

Overview

Higher education in the 20th century has witnessed several new policies and changes. Without a doubt, the two policies with the greatest impact for higher education have dealt with access to higher education and accountability of higher education.

In the 1960s and 1970s, state higher education policy centered on the promotion of equity in access, which was accomplished by planned expansion of higher education. College was made more accessible by “removing barriers of place, cost, and discrimination due to age, gender and ethnicity” (Bogue & Aper, 1999, p. 50). The GI bill helped pave the way for many returning servicemen. Also during this time period, the number of colleges increased from 1,700 at the beginning of World War II to over 4,000 today. Moreover, campuses across America have increased accessibility through the growth in the number of programs they offer. For example, in 1950, only one Tennessee institution offered a doctorate; however, today Tennessee has six state universities that offer a doctorate degree. Finally, an increasing number of federal and state financial aid programs also increased access. As a result of these programs and expansions, access to American education is within reach of most people today.

In the 1980s the public focus shifted to questions of quality and accountability due in part to increased competition for state funds and diminishing trust in higher education. With this concern for accountability, more state legislatures became concerned with assessment of educational performance, development of accountability measures, improvement of management and educational productivity, the analysis of campus

missions and the reallocation of resources from lower to higher priority programs (Bogue, Creech, & Folger, 1993, p. 3).

Many other policies also reflected this new focus on accountability. For example, Bogue (1997) states that accreditation standards moved their focus from process to improvement. There was also the state mandate for assessment and testing on campuses and state mandated laws of performance indicators (Bogue, 1997). According to Bogue, Creech and Folger (1993), in 1993, only two states (Alabama and Mississippi) of the 15 in the Southeast Region did not require an annual comprehensive accountability report from higher education institutions. The other 13 either already had such a legislative requirement or had one incorporated in a master plan. These same 13 states also required some form of assessment of student learning (Bogue, Creech, & Folger, 1993). Bogue, Creech and Folger (1993) also found that twelve of the states in the Southeast Region required a report on goal progress as part of the state plan, and one was considering it.

Other accountability policies were also introduced. One method of linking accountability to higher education budgets is through a funding policy known as performance funding. This policy ties assessment and performance indicators to funding (Bogue, 1997). In 1993 in the Southeast Region, accountability was directly tied to the budget for three states and indirectly tied to the budget for four other states, while another three states had such a tie proposed (Bogue, Creech, & Folger, 1993). As a result, only five had no plans of tying the budget to accountability policies. Burke and Serban (1998, p. 3) developed a survey, which showed that performance funding is now present in 13 states (26%). The survey found that 12 of these would probably continue the project and another 12 would probably start it. If these predictions are correct, in the next five years

24 states (48%) will have performance funding present in their state (Burke & Serban, 1998, p. 3). Furthermore, “all the regional accrediting associations have issued calls for institutions to demonstrate their accountability for the use of public funds” (Banta et al., 1996, p. 24). Finally, performance funding has not been restricted to the United States. Banta et al. (1996, p. 38) suggest that “the increasing interest in assessing quality in higher education is now a worldwide phenomenon” with thirty-six countries now belonging to the International Network for Quality Assurance Agencies in higher Education.

This study deals with the specific expression of accountability through performance funding. Tennessee was the first state to initiate performance funding with financial incentives for evidence of student learning and program quality in 1979 (Banta et al., 1996). Therefore, Tennessee has the longest standing performance funding policy, which ties accountability directly to the budget. In 1979, the performance funding policy was instituted in Tennessee as a means of using budgetary and financial policy as an incentive to institutions to ask performance questions concerning their current activities and possible improvements. The policy was intended to be a key factor in the long-term success of a campus because, although its funding is not a part of the base budget, it is directly tied to the amount of money the institution is ultimately given to pursue goals tied to its mission. Performance funding was also intended to be an accountability tool, which has a two-fold purpose.

The first purpose of performance funding is to encourage those who control funding that the institution is pursuing its mission effectively and that it can do so without regulatory interference. The second purpose is to prove to the public through the use of

measurement on certain standards that the institution is operating according to public standards and expectations. Gaining the public's support with the knowledge that colleges are pursuing quality is important to continued growth and improvement. Performance funding motivates and rewards institutions, which volunteer to be accountable. More is given to those who prove they are giving students a quality education.

Statement of the Problem

While performance funding in Tennessee is a longstanding state policy, some obvious questions are whether college campuses perceive the value in the policy and to what extent are they aware of it. Is the concept of performance funding a positive influence on college campuses, or is it even visible? Does it affect the performance of stakeholders in the institution at every level from the administrators and staff to the faculty and students? Answers to these questions may differ depending on each campus's understanding of performance funding and the degree to which each has used the policy. Answers may also vary depending on past experiences with performance funding. This dissertation hopes to find exactly what the experience of performance funding has been at the campus level in Tennessee.

Purpose of the Study

Both quality assurance and funding are critical to the success of higher education institutions. The question is whether a funding policy should or can effectively be used to improve or regulate quality assurance. Many states have attempted to tie funding to quality assurance. Tennessee, however, was the first and has the longest standing policy of this type. The purpose of this dissertation was to examine the experience a single

community college in Middle Tennessee has had with the performance funding policy. Because there are lengthy literature accounts already published on the standards implemented through the policy, their measurements, and their improvement ratings based on the standards, the experience of performance funding is not examined by further analysis of the standards set forth in the policy and their measurement. Instead, the experience of the performance funding policy is examined through a participant-oriented evaluation of the policy. The study takes the form of a case study that incorporates the use of interviews, document analysis, and observations to discover whether the policy has had any effect on the institution according to the perceptions of those who have actually had to implement and deal with it and the evidence that exists to support those perceptions. The case study's use of thick description of a program is useful in informing stakeholders about what is perceived to be happening in a program (Worthen, Sanders & Fitzpatrick, 1997).

Research Questions

While some studies have researched the origins and purpose of the Tennessee performance funding policy, few studies have been concerned with whether the policy is really affecting educational decisions at the campus level. Are the faculty and administrators just playing the performance game for more money or have they truly embraced quality improvement as a value principle? The policy actually intended both results. This study used a qualitative research approach to seek the answers to the following research questions:

1. To what extent is the Tennessee policy of performance funding promoting substantive and constructive educational change or improvement at the campus

level of a community college in Middle Tennessee according to perspectives of those who are involved with it?

2. To what extent, if any, is Tennessee's Performance Funding influencing decision making?
3. To what extent is the Tennessee policy of performance funding resulting in useful data for decision-making at the campus level?
4. What are the policy's strengths and weaknesses as perceived by this campus?
5. Would campus stakeholders keep the policy unchanged, keep it with revisions, or would they terminate the policy?
6. What is the level of stakeholder awareness of the policy?
7. What effect, if any, does the attitude of senior management have on the experience with the performance funding policy at the campus level?

This in-depth case study will be designed to provide a rich description of the experience and workings of the policy. This rich description may uncover other outcomes that cannot be anticipated in the questions above.

Conceptual Framework

There are many approaches to evaluations. Worthen, Sanders and Fitzpatrick (1997, p. 78) explain some of these including the following:

- Objectives-oriented approach – The focus in this approach is specifically on the goals and objectives of the program or policy. The focus is also to determine the extent to which the goals have been attained.
- Management-oriented – The focus in this approach is on identifying the information needs of managerial decision-makers.

- Consumer-oriented – The focus here is on developing evaluative information on products, for use by consumers in choosing among competing products, services, and etc.
- Expertise-oriented – The focus here is on the judgment of quality based on the professional expertise of someone deemed qualified to judge the object of the evaluation.
- Adversary-oriented – The focus of this type of evaluation is on debating the pros and cons of the evaluation object.
- Participant-oriented – The focus here uses the involvement of stakeholders in the evaluation object to determine the values, criteria, needs, and data for the evaluation.

This study will take a participant-oriented evaluation approach in order to describe how this campus has embarked on performance funding, and the stance it takes toward the policy. The participant oriented model described by Worthen, Sanders, and Fitzpatrick (1997, p. 232) “seeks the multiple perspectives” of all different stakeholders. Under this model, a single viewpoint is not seen as truth. Therefore, many perspectives must be described to understand the totality of the program. These authors believe that this approach is “certainly the most ardent in advocating the inclusion of many different audiences and perspectives in the planning of the evaluation” (Worthen, Sanders & Fitzpatrick, 1997, p. 232). The process of the program is not overlooked in this type of approach. Indeed, the process of the program is critical to understanding the different ways that people view it or the different meanings placed on it. The process of performance funding will be explained in Chapter 2 of this dissertation.

The researcher seeks to discover if there were pivotal events in the implementation and maintenance of the policy, events which have influenced the campus's experiences with the policy. She will also attempt to find whether the campus has implemented any processes to help them deal with the challenges they have confronted with this policy while continuing to serve their mission in education. Moreover, she will investigate what suggestions key personnel in the college have with concern to revisions that they believe should be made to the policy. The study will culminate in a rich description of the experience of the policy based on interviews with key personnel, review of documents, and observations of the campus that might indicate how well policy standards were received and dealt with. Due to the nature of a case study, this description may uncover both constructive and negative results that are not necessarily reflected or anticipated in these research questions. The intent is to discover whether the policy has been beneficial or detrimental to the campus, and what the factors that have contributed to either result.

In the long run, college campuses of similar demographics and environments could possibly use the findings of this study to assist in the implementation of a similar policy. The findings of this study might also help the Tennessee Higher Education Commission (THEC) and advisory board members to make adjustments where necessary. Key personnel suggestions for policy improvement could help to identify future indicators that should or should not be included in the policy. The results should also help identify approaches that will promote the policy's success, effectiveness, and efficiency. Everyone can learn from the experiences of others. This study intends to find

out what those experiences have been and use them for the benefit of all stakeholders involved in performance funding.

Significance of the Study

The idea that accountability should or could be tied to money in the public sector is intriguing. It embraces a plethora of conflicts such as politics, ethics, decision-making, and funding. At the core of this policy was the desire for the Tennessee Higher Education Commission to help higher education institutions to improve the quality of education for the lives of thousands of students in Tennessee. The participants in such a policy include policy makers, administrators, faculty, students, and the public at large. All participants in the policy may positively or negatively contribute to the quality of higher education for everyone in Tennessee. We already know through published literature what the results have been for campuses as reflected in campus scores on the policy standards. This study seeks to further the knowledge of actual perspectives of the policy concerning whether the policy has made a real difference on the campus.

Many stakeholders can be identified who would find the results of this study important. First, THEC and advisory board members spend a lot of time and effort in planning and creating policies that will achieve a desired purpose. However, some achievements or disappointments can also be by-products of policies. Policy makers can use this study to improve and revise the policy if necessary based on suggestions obtained from the implementers of the policy.

Secondly, because quality assurance is difficult to attain without effective leadership, administrators should be interested in performance funding. Administrators are some of the most influential stakeholders to performance funding's success. They are

the leaders and motivators who directly affect the importance a campus will place on such a policy. If administrators are yearning for increased public support, and they are willing to receive additional funding by simply proving their excellence, efficiency and effectiveness, then they should be concerned with the results of this study.

Thirdly, faculty members should care about performance funding for a variety of reasons. Faculty should have the utmost concern for the quality of the education they are giving their students. After all, when the students leave, they will reflect the standards of the faculty members who taught them, both in their knowledge and their actions. Faculty who are interested in a quality education should be interested in reading the achievements and problems encountered by other faculty who have already experienced the policy. The study can help them to implement an accountability policy that can be an advantageous result for their own campus.

Fourthly, constituents, parents and students should care about this study because performance funding was designed to enhance a concern for quality. Colleges affect an entire community as well as surrounding communities—from the business the colleges bring in to the students the colleges produce. The institutions are held to a higher standard—one they might have already been achieving, but that they now must put in the public's eyes. If the public is given a reason to believe in the quality of education, the constituents can increase their confidence that their tax dollars are going to good use. Educational institutions will show that they are doing what they claim to be doing and that they are doing it well. Moreover, students and parents can be more assured that they are getting what they pay for in their children's education, and their pocketbooks can be directly affected by the avoidance of tuition hikes based on additional state funding.

Limitations

Some of the data for this study span a period of 20 years. As a result, the study faced some limitations. To begin with, faculty and administrative turnover during this span of time affected the amount of accessible perspectives. Different people have dealt with the policy in different ways and have played varying roles in its development. Some people have more work invested into it than others have. However, at this community college level, turnover was only a slight problem. Only one president has served the college campus in this study since the policy was instituted in 1979, and he was accessible for an interview. However, the person responsible for institutional effectiveness for over a decade retired in 1998. After one year of vacancy, his position was filled and promoted to Vice President of Institutional Effectiveness in late 1999. The person currently serving in this position could not be as helpful on the past perspectives and workings of the policy on this campus. However, she was very helpful concerning future plans for the policy. Due to the turnover, she was also only able to supply limited amounts of documents for analysis. However, some relevant memoranda and correspondence were found to provide additional information concerning administration of the policy over the past decade.

Limitations also exist within the actual methods used to gather data. This study will use the case study as a research strategy. This case study, which will be more fully explained in chapter three, makes use of the interview, document analysis and observations, and each of these methods has its share of limitations. Creswell (1994, p. 150) believes that the techniques involved in interviews may provide “filtered” information through the eyes of the interviewee. Multiple perspectives gained through

interviews may also contain the same fabrications, deceptions, exaggerations, and distortions that characterize talk between any persons” (Taylor & Bogdan, 1984, p.81-82). Additionally, a researcher’s presence or poorly constructed questions may bias responses from the interviewee. To combat this problem, the interviewer must maintain a critical eye, and she must be consciously aware that a person’s verbal story may tell what he thinks, but not how he really acts.

Another limitation of the interview is that the information is usually provided in a designated “place,” rather than the natural field setting. Also, interviewers have a limited amount of time with the interviewee. They cannot observe them daily, and therefore, they do not see the context that surrounds the participant. Interviewers are forced to make assumptions about certain items about the participant that may not be correct. This limitation can be overcome because the interviews will be conducted at the participants’ site. Moreover, the subjects were given member-checks where they were contacted and given a copy of their transcript to confirm the interpretations of the interviews.

Gathering documents and noting observations for analysis also have limitations. Creswell (1994, p. 150) states that documents are limited because they may be “confidential, incomplete, inaccurate or hard to find.” Given the fact that this study spans 20 years, many documents may have been lost or destroyed. However, many of the annual performance funding reports were still available. The researcher was careful in document selection as well as in their interpretation.

Definitions

The following definitions should be useful in understanding the topic at hand.

Accountability – Accountability is the process of holding higher education institutions to a certain standard of quality defined by preset measures. Mortimer (1972, p. 6) states that accountability “accentuates results—it aims squarely at what comes out of an educational system rather than what goes into it. It assumes that if no learning takes place, no teaching has taken place.”

Case Study - Yin (1994, p. 13) defines a case study as “an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident.”

Performance Funding – Performance funding ties specific sums directly to the “achievements of public colleges and universities on individual indicators” (Burke, 1998b, p. 6).

Quality - Quality is the “conformance to mission specification and goal achievement—within publicly accepted standards of accountability and integrity” (Bogue & Saunders, 1992, p. 20).

Quality Assurance – Quality assurance encompasses the policies, attitudes, actions and procedures necessary to ensure that the quality of education and scholarship (including research) is being maintained and enhanced. It includes checking that the quality control mechanisms, processes, techniques, and activities are in place, being used and are effective. It requires actions internal to the institution, but may also involve actions of an external body or bodies. It includes course design, staff development and the collection and use of feedback from students and employees. Quality assurance requires

professional commitment, generally non-authoritarian non-administrative (Gaither, 1998, p. 3).

Tennessee Performance Funding – Bogue (1980, p. 1) defines performance funding in Tennessee as “an attempt by the Tennessee Higher Education Commission to improve appropriations policy in Tennessee.” Bogue (1980) states that the policy seeks to accomplish the following tasks:

- link funding and educational performance more closely,
- reinforce institutions for instructional performance, which is not based solely on student headcount, and
- complement, but not replace, basic funding related to enrollment.

CHAPTER 2: LITERATURE REVIEW

Introduction

This literature review traces the evolution of Tennessee's Performance Funding policy. We will begin by exploring the origins of the accountability movement. We will then look at specific expressions of the accountability movement. Next we will look at performance funding as one of those expressions. We will also look at other states' use of performance funding. Because Tennessee has the longest standing performance funding policy (since 1979), we will then examine Tennessee's version of performance funding and the changes it has experienced over the last 20 years. The discussion will then focus on the documented strengths and weaknesses of the project. Finally, we will be left with the questions that this study hopes to answer: What difference has performance funding made at the campus level? Is it or is it not influencing educational decisions?

From Access to Accountability: The Evolution of Policy Climate

Why have the 1990s seen such a push for accountability? Although the answer to this question has many facets, it begins with the access policies that occurred in the 1960s and 1970s. Our nation was built on the tension of several values such as freedom and responsibility, competition and cooperation, education access and education quality. With regard to the last set of tensions, Bogue and Aper (1999, p. 231) state "in the 20th Century Americans have taken several major steps to enhance the opportunity for those who have the ability and the desire to attend college to do so." The first of these steps was "the establishment in most states of comprehensive community college systems that bring higher education opportunity within financial and commuting range of most state

citizens” (Bogue & Aper, 1999, p. 231). Other colleges and universities have also pursued accessibility. At the beginning of World War II there were a little over 1,700 colleges. Today, there are nearly 4,000. Accessibility has also been visible in the expansion of programs and services available on all campuses. Bogue and Aper (1999, p. 231) state “in 1950, only one state university in Tennessee offered the doctoral degree. . . . Now, six of the state’s nine state universities offer one or more doctoral degrees! Thus, access to both basic and more advanced educational services and programs has clearly been enhanced in the state.”

With the increased access to higher education came increased enrollment. The proportion of eighteen to twenty-four-year-olds enrolled in college has risen from 25 percent to 34 percent since only 1980 (Gaither, 1998, p. 87). Along with this increased enrollment has been “a significant rise in the cost per student of higher education, which has grown about 40 percent in inflation-adjusted dollars since 1976, outpacing enrollments” (Gaither, 1998, p. 87). Cost containment is increasing as “the public demand for affordable and accessible higher education puts pressure on institutions to exert leadership, reduce costs, and gain efficiencies through discipline and technology” (Pew Higher Education Research Program [PHERP], 1994, p. 7A). As a result, access policies, increased enrollments and higher costs were the forerunners to accounting policies. Higher education would have to look for more money, and no one was going to volunteer this money without making sure it was a good investment.

Of the many sources of higher education funding (students, parents, donors, and federal, state and local governments), parents and students have felt most of the increased costs (PHERP, 1991, p. 2A). Tuition has risen by about 80 percent since 1980 (Gaither,

1998, p. 87). As tuition continues to increase, the public becomes increasingly concerned with its effect on access, especially community colleges which try to maintain an open door policy. Stakeholders “seek a reasonable limit to what institutions charge; access to programs that will result in meaningful jobs; . . . and, . . . real assurances that shifting financial and political fortunes will not place a higher education beyond their grasps” (PHERP, 1994, p. 1A).

The trend of funding for higher education from state governments has shown instability over the years with both increases and decreases. However, the Southern Regional Education Board Fact Book on Higher Education for 1996-1997 (p. inside cover), states that although tax revenues have increased more rapidly than personal income and increased state and local government spending, higher education has been receiving a smaller share of those funds. In fact, “the growth in state tax funds for higher education over the past five years was the lowest of any five-year period since the mid-1970s” (SREB Fact Book on Higher Education, 1996/1997, p. inside cover). With the factoring in of enrollment growth, tuition hikes and inflation, “per-student funding declined 9 percent” (SREB Fact Book on Higher Education, 1996/1997, p. inside cover).

According to the Pew Higher Education Research Program (1994, p. 6A), “governors, legislators, regulators, heads of public agencies, and surprisingly, an increasing number from the world of private philanthropy” are showing their “hostilities against education” through reduced funding. They believe that in the last 30 years most of the promises made by educational institutions in return for up-front funding have been broken. Therefore, state governments are also calling on higher education to be accountable for the increased money it asks for.

Accessibility policies brought on the accountability issues in other ways as well.

The focus on accessibility caused an increase in the number of institutions and the emphasis on constant growth. In response to this environment, several institutions tried to be everything to everyone. As a result, “too few define their missions with precision or limit the scope of their enterprise to what they do best” (PHERP, 1989, p. 1). The Pew Higher Education Research Program (1991) suggests the following:

In the name of serving an institution’s varied missions, it becomes nearly impossible to rule out anything—to resist demands for new programs and services, to say no to donors who want to leave their mark, to forgo entering new ventures or seeking new clientele. It is this muddling of mission that leads colleges and universities to be all things to all people, saying no to no one and, as a result, spawning enterprises that later gain autonomous life and power. (p. 3A)

They no longer knew why they existed or whom they served. As these missions expanded out of control, the funding required for them did also.

Recent criticisms of higher education have also brought on accountability policies such as assessments, performance indicators, and performance funding. Higher education institutions have been charged with price fixing and artificial price increases “in order to avoid the cost reductions other American enterprises were being forced to endure” (PHERP, 1991, p. 5A). Many authors have also written about the unwillingness of higher education institutions to “hold faculty accountable for the quality of education they provide” (PHERP, 1991, p. 6A). The public sees tenure as “protection from accountability and as the assurance of economic advantage to a privileged class” (PHERP, 1991, p. 6A). Other scholars (1989, p. 1) suggest that “too many professors still

stand as tellers of truth, inculcating knowledge in students; too many students sit and listen passively—or not at all” and “too many faculty, pursuing narrow specializations, teach at the periphery of their disciplines, resulting in curricula that are increasingly fragmented and atomized.” Furthermore, many faculty members choose research over teaching (after all that is where the rewards are). As a result, “junior faculty are sent into the classroom untrained, ill-prepared, and without a sense of what it means to be a scholar-mentor” (PHERP, 1989, p. 1).

Finally, accountability policies were also the result of mismatched expectations. No one seems to know what colleges should deliver and to whom. An increasing number of people believe that education should have as its main purpose to guarantee well-paying jobs as a product of the process. In fact, some scholars believe that “the most visible and in many ways the most relentless pressure on colleges . . . [is] the nearly singular role a college degree has come to play in providing access to good jobs” (PHERP, 1994, p. 1A). As the economy has changed from manufacturing to services, most employers expect at least a baccalaureate degree. Because “the gap in expected earnings between college and high school graduates has increased by 20 percentage points through the past decade,” these industries have seen the most rapid growth in both jobs and salaries (PHERP, 1994, p. 1A). However, when the economy will not support all of these new graduates with well-paying jobs, parents ask institutions, “What exactly are we paying for?” They measure the quality of higher education in terms of their children’s ability to garner secure and well-paying jobs (PHERP, 1994, p. 1A). Students, burdened by student loans that “constrain their ability to begin families, buy homes, or incur further debt to pursue the

post-baccalaureate degrees that appear increasingly necessary for financial and social well-being,” are also concerned with the answer to this question (PHERP, 1994, p. 1A).

All of these criticisms lead to “an end to the public perception of the collegiate campus as a place of sanctuary,” untouched by the problems of the population at large (PHERP, 1991, p. 5A). This reputation and perception of education has the following result:

Higher education can expect less of the public purse and more of public intervention . . . the loss of sanctuary means, among other things, that the public, in the form of regulators, budget officers, state and federal legislative staffs, higher education commissions, accrediting bodies, and emboldened boards of trustees, will want a seat at the table. (PHERP, 1991, p. 6A)

Thus, “in the closing years of the 20th century, American higher education faces a serious question of public trust” (Bogue, 1997, p. 4). Loss of trust mixed with increasing enrollments and “cost containment pressures as both federal and state governments struggle with their own questions of priority” cause accountability policies to be a high priority (Bogue, 1997, p. 5).

Accountability Policies

Due to the reasons outlined above, more state legislatures became concerned with assessment of educational performance, development of accountability measures, and improvement of management and educational productivity. They were also concerned with the analysis and rebirth of campus missions and the reallocation of resources from lower to higher priority programs (Bogue, Creech, & Folger, 1993, p. 3). Legislatures became ready to both impose restrictive regulations and reduce public funding for higher

education. Rushing predicted in 1976 that even in states where legislators were willing to increase appropriations, there was much evidence that such increases would be accompanied by greater control.

Bogue (1997, p. 6) believes that “as we move toward the 21st century, one of the most commanding changes in the social, political, and economic climate for higher education is the more aggressive posture of agencies external to the campus—boards, coordinating agencies, legislators, executive branches of governing, accrediting agencies—insisting on a more public engagement of quality and performance issues.” Consider, for example, these policy developments given by Bogue (1997, p. 6):

- Accreditation standards on focus on outcomes rather than process.
- Increased state regulation on curriculum, assessment, and faculty workload.
- Increasing assessment and testing on campus by state mandate
- Increase in states’ use of performance indicators.
- The number of states flirting with and using performance funding.

Among the many policies that have been instituted to deal with accountability, performance funding was one, which tied proof of accountability to the budget. In 1993, three states in the Southeast Region tied performance measures directly to the budget and four others did so indirectly (Bogue, Creech & Folger, 1993). Another three states had such a tie proposed. Only five had no plans of tying the budget to accountability policies. Another survey by Burke and Serban (1998, p. 3) shows that performance funding is now present in 13 states (26%). The survey found that 12 of these would probably continue the project and another 12 would probably start it. The survey also predicted that, in the next five years, 24 states (48%) would have performance funding. Table 1 shows a

Table 1: Performance Funding for Public Higher Education

Likely to adopt performance funding		Have adopted performance funding	Likely to continue performance funding
Alaska	New York	Colorado	Colorado
Illinois	North Dakota	Connecticut	Florida
Indiana	Oregon	Florida	Minnesota
Louisiana	South Dakota	Kentucky	Missouri
Maine	Texas	Minnesota	Ohio
Maryland	Utah	Missouri	South Carolina
Massachusetts	Washington, DC	Ohio	Tennessee
Nebraska	West Virginia	South Carolina	Washington
Nevada	Wyoming	Tennessee	
		Washington	

Source: Burke and Serban, 1998, p. 28.

breakdown of the states that are currently using, considering, and planning to continue performance funding.

Accountability and Quality

Gaither (1998, p. 87) explains that at the core of the many up and coming accountability policies are quality assurance programs, which legislatures believe “will help the academy meet the strident demands of the public and various external agencies for more accountability, better performance, and greater efficiency and effectiveness.” In an article published by The Pew Higher Education Research Program, the author states that “American colleges and universities must make a fundamental investment in quality control – not to provide scorecards to satisfy the whims of public inquiry, but rather to develop the context within which faculty can both singularly and collectively assess the quality of learning in their classrooms” (1989, p. 4). Only then will educators ask the really important question, “What difference have we made in the knowledge, skills, and values of those students entrusted to our care and in the communities that trust us with

their support and expectations” (Bogue & Saunders, 1992, p. 280)? The primary motive for the quality assurance revolution should be “improvement of the instruction and learning that is reflected in educational policy and practice” (Bogue & Saunders, 1992, p. 17). Quality assurance will then encompass the very core structure of the organization.

However, educators and legislators may find it hard to agree on what quality is and how to measure it. Bogue and Saunders (1992) begin their definition of quality with an institution’s mission. The mission statement focuses an institution on that purpose, encourages public disclosure of mission, and holds the institution to a standard of integrity. Once an institution has defined its purpose in a clear mission statement, it is ready to confront the second question pertaining to performance—“How good a job are we doing and how do we know?” These questions are also complex because they implicitly demand some type of measurement that people can understand and translate into a quality product. Quality assurance is a true challenge for education where the product is not as easily measured as it is in industry. Bogue and Saunders (1992), state the problem with measurement in education as follows:

. . . not all the precious moments that link those who teach and those who learn, not all the value-added impacts of college can be or should be captured by some precise measurement. Where is the instrument powerful and sensitive enough to translate every beautiful moment into numbers? (p. xiv)

Although our measurement techniques are not perfect, they are very necessary. Bogue and Saunders (1992, p. xiv) state that “failing to acquire and to apply information on quality is to confirm that we lack both caring and daring, a lamentable flaw of character

in a community of curiosity.” Bogue and Saunders (1992) explain in the following statement that passive argument does not promote quality:

We develop no muscles as spectators; the harnessing of action and reflection is the beginning of discovery, and adventure in learning. We will languish in both intellectual and emotional poverty, as will our students, if we are unwilling to pose and answer the question: “What has been our impact on our students and how do we know? (p. 193)

Accordingly, higher education has no choice but to take action. This challenge can become an exciting impetus for change and renewal to the entire campus. Higher education institutions should make a “purposeful consideration of the alterations an institution can imagine itself making, as well as a real discussion of the consequences of not changing at all. . . . To convene such a conversation is to dance with change, to enter into a relation with a future not yet fully imagined” (PHERP, 1994, p.12A).

Performance Funding: An Accountability Policy for Tennessee

In the United States, Tennessee has the longest standing accountability policy, which ties accountability directly to the budget. Higher education in the state took the initiative to “dance with change” (PHERP, 1994, p. 12A). They were aware of the problems of public perception and the competition for state funds. Instead of simply looking for programs to cut, they faced the funding crisis and environment in a less linear route, and they looked at the situation as “a moment for imagination and creativity” (Bogue & Aper, 1999, p. 250). They created a new solution to both funding and quality—performance funding.

Before this policy, funding and quality were not directly linked. Bogue and Aper (1999, p. 219) contend that at one time, allocation of funds was based on the president's lobbying power and the previous year's budget. However, by the 1960s, Bogue and Brown (1982) explain that colleges were awarded monies based on their enrollment by degree level and field and the unit costs for those fields and levels. Banta and Fisher (1989, p. 29) explain that under this formula, "actual enrollment levels were multiplied by historical cost factors for each level and discipline to calculate the instructional funding component" for colleges. Therefore, the more students a college added, the more money it could get, regardless of how well they used it. This type of formula was intended to reduce conflict and value equity and objectivity (Bogue & Troutt, 1977). It maintained "equivalent funding for equivalent programs" (Bogue & Brown, 1982, p. 123).

However, Bogue and Brown (1982, p. 124) explain that under this formula, "obtaining students gains more importance than giving them a good education." Although it is reasonable to give more funding to those schools that are educating more students, it is not acceptable to leave out the quality of education in the equation. If the college becomes solely concerned with increased enrollments and neglects quality as a result, what has the college really gained? Tennessee's creation of performance funding became a solution. It changed the traditional allocation system based on enrollments and inputs to a system based on "results, processes, customer service, quality and productivity" (Albright, 1997, p. 19).

In the last two decades and especially in the 1990s, the nation has seen an increased interest in the concept of performance funding—a "relatively new approach" to

state allocation methods (Burke & Serban, 1997-1998, p. 27). It “links tax support to institutional results from performance indicators chosen by the state” (Burke & Serban, 1997-1998, p. 27). The old view of accountability was that “the presence of a qualified faculty, a carefully selected library, a well equipped physical plant, and an adequate financial base are guarantors of quality” (Bogue, 1997, p. 7). Now, however, the question is “whether students really learned and changed in the presence of these resources” (Bogue, 1997, p. 7).

Performance funding in Tennessee uses a range of performance indicators to measure the quality an institution invests into its educational package including accreditation, surveys, general outcome exams, licensure exams, and program reviews. The concept tilts the question of “what states should do for their campuses toward what campuses should do for their states” (Burke & Serban, 1998, p. 1). As a result, those who demonstrate that they have a quality product and that they are continually trying to improve that product, receive a reward for their efforts in the form of additional funds for increased institutional effectiveness.

The idea has caught on. Burke (1998, p. 5) states that “competition for scarce resources among government programs and complaints about the productivity and performance of public higher education in the 1990s pushed legislators and governors to reconsider their funding formulas” (Burke, 1998, p. 5). The trend of many states now is to add the value of effectiveness to the formula. In 1997-1998, 17 states had “budgeting policies that tie[d] at least some of the appropriations made to individual public colleges to the institutions’ success in meeting certain measurable goals” (Chronicle of Higher Education Almanac, 1998, August, 28, p. 14).

According to Banta (1998), Tennessee has the first and longest standing policy in actual operation. Morrison applauds Tennessee's solution in the following statement:

Tennessee's performance funding policy is one of the most widely observed and well-documented of all state assessment policies within US higher education.

Since its formal adoption by THEC in 1979 performance funding has justly been regarded as a pioneer in the evaluation and reward of institutional performance and has outlived incentive funding policies developed in the 1980s by other states.

(Morrison, 1995, p. 20)

Tennessee "continues to provide the clearest example in the US of a state funding agency policy which offers institutions a financial incentive to demonstrate improvements in teaching, learning and institutional performance and effectiveness" (Morrison, 1995, p. 2).

Purpose of Tennessee's Performance Funding

Grady Bogue, Wayne Brown, John Folger, and Bill Trout, who were responsible for the design of the plan and the funding criteria for institutions, "tried to combine accountability and improvement purposes in a single process of assessment when they characterized the new policy as a means 'to improve the return on [Tennessee's] higher education investment'" (Banta et al., 1996, p. 26). They sought to respect and reinforce campus responsibility for instructional accountability and improvement, balance the need for civic/political accountability and the need for campus autonomy, create educational and political partnerships focused on educational improvement, and identify performance variables upon which both universities and community colleges could agree (Bogue,

1980). In 1993, THEC set forth the following statement of purpose for performance funding:

The Performance Funding Program is designed to stimulate instructional improvement and student learning as institutions carry out their representative missions. Performance Funding is an incentive for meritorious institutional performance and provides the citizens of Tennessee, the Executive Branch of state government, the legislature, education officials, and faculty with a means of assessing the progress of publicly funded higher education. By encouraging instructional excellence, the Performance Funding Program contributes to continuing public support of higher education and complements academic planning, program improvement and student learning (p. ii).

Thus, performance funding had a three-fold purpose. First of all, the performance funding project set out to “explore feasibility of allocating some state dollars on a performance criterion rather than enrollment” (Bogue & Troutt, 1977, p. 3). It rewards college campuses based on “accomplishment rather than activity . . . outcome rather than growth” (Bogue & Brown, 1982, p. 123). Therefore, quality and size are both considered when it comes to funding. Secondly, the quoted statement above marked accountability as another main goal of performance funding in response to the need to heighten dwindling public perception of education (Burke & Serban, 1998). The policy established an initiative in higher education for quality and accountability. Finally, it helped education to compete for state funds by proving itself worthy of the additional money.

Evolution of the Tennessee Performance Funding Policy

The groundwork for the performance funding project was laid in the early 1970's. In 1972, Tennessee's legislature started requiring "state agencies to set goals, rank agency priorities, and evaluate program effectiveness as part of their budget requests." They called this policy "allocation by activity" (Burke & Serban, 1998, p.45). The climate in the Tennessee legislature at the time was efficiency and accountability. Campuses were looking for ways to get more money, and the idea of linking performance to dollars was very appealing to the governor and the legislature. This realization motivated college campuses to volunteer for performance accountability (Bogue & Saunders, 1992). With the basic purpose of allocating some funds based on performance rather than enrollment, the project began to take life.

Work actually commenced on Tennessee's Performance Funding Project in the fall of 1974 when the Tennessee Higher Education Committee (THEC) appointed the Project Director. In 1975 – 1976, the project acquired more than \$500,000 in grant proposals from the Kellogg Foundation, Ford Foundation, the Fund for the Improvement of Postsecondary Education, and an anonymous Tennessee-based foundation to support pilot work (Bogue, 1980). From the beginning, THEC designers believed in the involvement of "as many campus individuals as possible" (Bogue & Troutt, 1977). They held this belief because these individuals would be the ones directly affected by it and also because more perspectives could be used to deal with the complexity of the policy (Bogue & Troutt, 1977). Their solution took the stance that "the most effective form of partnership" with the government is a "productive partnership . . . in which campus and state join their strengths in seeking mutual goals" (Bogue & Saunders, 1992, p. 198).

The basic motives behind this type of solution are the “internal need for improvement and the external need for accountability” (Bogue & Saunders, 1992, p. 199). Therefore, during this same time span, a national advisory panel and a state advisory panel “comprising faculty, state political leaders, and national experts in higher education leadership and finance” were appointed to the process (Bogue & Saunders, 1992, p. 201).

With the addition of many perspectives came the compounding of debates about potential problems with such a policy. After some time, Bogue and Troutt (1977, p. 6) explain that “debating these assumptions became counterproductive.” They state that the formula was not being enhanced by these debates, while legislators continued to “ask hard, unanswered questions about the effectiveness of higher education” (Bogue & Troutt, 1977, p. 6). With no progress occurring based on these discussions of technical and philosophical issues, Bogue and Troutt (1977, p. 6) state that they “proceeded with pilot project activity assuming it was better to act on a set of imperfect assumptions than to wait until a perfect set of assumptions was agreed upon.” As a result, they adopted the motto, “Acting on the possible while awaiting perfection” for the project (Bogue & Troutt, 1977, p. 6).

From 1976 through 1978, the project acquired funding for several two-year institutional projects. Accordingly, eleven different campus-based pilot projects including community colleges, comprehensive universities, a doctoral university, a research university, and the university health center were involved (Bogue, 1980). According to Burke and Serban (1998, p. 45), THEC “consulted extensively with campuses, systems and governing boards, and a national advisory panel” to “develop their own sets of performance indicators, to acquire initial performance data, and to explore how

performance on indicators might be rewarded through the appropriation process.” Over the past 20 years, the policy has been reviewed every five years under the direction of THEC and advisory boards. Presently, THEC still consults all campuses in “a review procedure of indicators and methodology at the end of each five-year cycle” (Burke & Serban, 1998, p. 46).

During the 1977-1979 pilot cycles, the committee agreed campuses could earn up to two percent additional dollars on their base budget recommendation, dependent upon their record on five performance variables (Bogue & Saunders, 1992, p. 201-203). In addition campuses could earn additional performance credits by developing and piloting new assessment instruments (Bogue & Saunders, 1992, p. 201-203). Bogue and Brown (1982, p. 124) explain that the original 2 percent supplement figure was a “consensus of educators, legislators, and executive officers, who believed it provided an incentive big enough to get results but not so big that it would damage any institution.”

As a result of these cooperative efforts between state campuses and politics, Tennessee officially adopted the policy in 1979. Consequently, “Tennessee became the first state to base a portion of state funding for higher education not upon student head count, but on institutional performance, particularly in enhancing student learning outcomes” (Bogue & Saunders, 1992, p. 198). The policy has now been in operation for twenty years, and the percent of funding dedicated to the performance funding feature of the Tennessee formula has grown from two percent during the first year to 5.45 percent.

Tennessee Performance Funding Procedures

According to Albright (1997), many performance funding systems involve a common process. They must first adopt a purpose. Then they must select goals and

decide how to measure achievement of them. Next, they must collect data and allocate resources accordingly. The process is then evaluated and revised, and the findings are publicly communicated (Albright, 1997).

In Tennessee, THEC oversees both the implementation and development of performance funding through an Advisory Committee on Performance Funding, which is made up of THEC officials and senior academic officers from the two Tennessee systems and individual institutions and chaired by THEC's Chief Executive (Morrison, 1995, p. 19). Further, a Performance Funding Task Force is appointed by THEC in the third year of a 5-year cycle. This task force is made up of senior academic officers from the two Tennessee systems and individual institutions to review the current performance funding criteria and to recommend proposals for the next cycle after consultation with institutions. At the campus level, performance funding coordinators are administrators who are designated to gather and disseminate performance funding data for THEC reports. An institutional annual report is due to THEC by August 1. This report "summarizes an institution's results and achievements under each standard, concluding with the points claimed by the institution and contains appendices," which give test and survey results and the outcome of peer reviews (Morrison, 1995, p. 19).

Tennessee Performance Funding Standards

In the design of performance funding, THEC in Tennessee, as well as other states, were faced with several dilemmas. One dilemma was to decide what goals the project should seek to accomplish for higher education in Tennessee. Then they had to decide what methods to use to prove that quality existed. According to Serban (1998b, p. 61), these first choices are "probably the most challenging task of performance funding

programs.” However, the battle is not over with these decisions. The implementation of the choices of goals and indicators is further complicated. Criteria to mark success, indicator weights, allocation methods and funding levels must also be determined (Serban 1998b, p. 61). Would they evaluate by comparisons, standardized criterion, or by individual case (Bogue & Saunders, 1992)? Obviously measurement is complicated. Tennessee chose to measure success based on institutional improvement over time (Serban, 1998b, p. 62). This approach focuses on quality improvement within an institution and attempts to avoid competition among institutions. They also chose to operate on a total of 100 points to be assigned to indicators, which originally placed equal weighting on each.

Some common methods in quality assurance in American higher education include accreditation, college rankings, follow-up studies, professional licensure, academic program reviews, and college outcomes studies, which all emerged in their respective order (Bogue & Saunders, 1992). Tennessee’s final product made use of several of those methods of gathering information pertaining to quality. They took the stance that “no single indicator of measurement of quality can stand without criticism” (Bogue & Saunders, 1992, p. 221). Therefore, they used “multiple indicators for this conceptual challenge . . . because individual and institutional performance are . . . too complex to be captured in a single point of evidence” (Bogue & Saunders, 1992, p. 221).

In order to fully understand how the policy works, one must study the standards that comprise the performance criteria. A comparison of the standards from 1979-1997 is shown in Table 2. Standards after 1997 are discussed later in this chapter. As you can see, they have had to be flexible throughout the years. Standards have been added and

Table 2: Performance Funding Standards and Associated Points

Criteria	Pilot Cycles		1 st 5-Year Cycle	2 nd 5-Year Cycle	3 rd 5-Year Cycle
	1979-1980	1981-1982			
Program Accreditation	20 Measured percent of accreditable programs that were accredited	20	25	20	10
Graduates' Performance on General Education Outcome Measure	20	20	25 Measured through test scores for 4 year colleges and graduate placement for 2-year colleges	20	10
Graduates Performance on Major Field Test	20 Including licensure and exit exams in major fields	20 Conducted through program performance outcomes	30 Choice between major field tests or external reviews of non- accreditable programs	20	10
Surveys: Evaluation of Programs and Services	20	20	10 Surveys focused on instructional improvement	15	10 Institutions alternate between alumni surveys and enrolled student surveys.
Instruction Improvement Measures	20 Peer evaluation of academic programs	20 Evaluation planning for renewal and improvement	10 Planning for instructional program improvement	15 Corrective measures found from planning for instructional program improvement	10 Peer review of non- accreditable programs
Masters Review/Placement					10 Masters reviews at universities; placement at two-year colleges
Student Enrollment Goals					10
Student Retention and Graduation					10
Improvement Actions Taken to Remedy Identified Weaknesses					10
Mission-Specific Goals					10

Source: Table adapted from (Banta et al., 1996, p. 25) and Bogue (1999, p.24)

removed. They have also been reassigned points based on the objectives of the state at the time of development. The following sections will discuss the standards and how they have changed through the twenty years of the project's implementation.

1979 – 1980 and 1981 – 1982 – Pilot Cycle

The performance funding project had two pilot cycles before it began five-year cycles. During these first two cycles, 23 of 25 public institutions in Tennessee participated, including ten community colleges, four two-year technical institutions and nine universities (Bogue, 1980). All of the standards for these cycles were based on instructional performance. These performance indicators round included program accreditation, general outcomes exams, major field exams, surveys, and peer evaluation of academic programs. Twenty points were allocated to each standard. After the first cycle, the funding traceable to performance funding ranged in 1980-1981 from \$5,047 (Pellissippi State) to \$658,042 (University of Tennessee) (Morrison, 1995). The 1981-1982 cycle included the same criteria except that the peer evaluation of academic programs was changed to evaluate planning for renewal and improvement. Points were still evenly distributed among the five criteria. After the second cycle, the supplements ranged from \$5,414 (Dyersburg State) to \$737,050 (University of Tennessee). Bogue (1980, p. 5) states that the maximum dollars these campuses could have earned was slightly over \$4 million; however, \$2,111,811 was “actually earned and recommended” for funding.

1982 – 1987: 1st 5-Year Cycle

Many changes occurred to the face of performance funding in Tennessee when it was launched for its first five-year cycle. To begin with, the state campuses were more

motivated by an increase in the performance funding percentage from two to five percent (Burke & Serban, 1998). The points for each standard were also redistributed to place more weight on the major field tests, general outcome tests and program accreditation. Less weight was given to surveys and planning for instructional improvement. Moreover, the standards themselves changed slightly. Evaluation was now required in almost all programs offering an undergraduate major instead of the few in the pilot. Also, the pilot cycle had allowed institutions to choose any test they wished to test general education outcomes of students; however, the five-year cycle disallowed the use of the GRE exam and required that the ACT COMP exam be used for this purpose (Banta et al., 1996) (Burke & Serban, 1998). Furthermore, two-year colleges had the option of reporting job-placement rates instead of ACT COMP scores (Burke & Serban, 1998). Finally, scoring of the standards became much more precise, and the descriptions of the guidelines doubled (Banta et al., 1996).

At the conclusion of this first full cycle, Banta (1988) sent a performance funding questionnaire to the president of each of Tennessee's twenty-three publicly supported institutions. She found several strengths and weaknesses of the policy as it stood. First, at more than half of Tennessee's postsecondary institutions, "a larger percentage of programs was accredited in 1987 than was the case before performance funding was initiated . . . and a third of these campuses acknowledged the influence of performance funding" (Banta, 1988, p. 83). Second, performance funding caused "the number of institutions using formal peer-review processes to quadruple" (Banta, 1988, p. 83). Third, the number of institutions testing students with comprehensive exams in their major fields also increased significantly, and "70 percent of these schools believed the

testing was worth the time and expense because they valued the information it provided about the curriculum” (Banta, 1988, p. 83). Fourth, Banta (1988, p. 84) found that “twenty of the institutions felt that the benefits of using the surveys outweighed the costs in institutional time and effort.” She also found that “the number of Tennessee institutions using comprehensive institutional planning processes more than doubled during the first cycle of performance funding” (Banta, 1988, p. 84). As a result, the overall experience of performance funding was considered positive by 95 percent of Tennessee’s postsecondary institutions (Banta, 1988, p. 84). The most negative reactions concerned the weight given to exams in general education and in major fields. Evidently, faculty did not consider these measures valid for assessing the quality of curricula (Banta, 1988).

Morrison (1995, p. 11) attributes the success of the first 5-year cycle to the following items: the growth of the “assessment movement” in US higher education in the 1980s, the development in 1984 of “institutional effectiveness” criteria by the regional accreditation agency for Tennessee, the award of points for the major field test for either achieving/exceeding national norms and/or improving institutional performance over time, faculty involvement in the development of local tests in their discipline, and the use of institution-specific data under the criteria to improve instructional program and academic support services.

1987 – 1992: 2nd 5-Year Cycle

The second five-year cycle was marked by concerns over “conflicting interests of institutions with different missions and diverse styles of leadership” (Morrison, 1995, p. 12). This cycle also saw increased interest in quantitative data that would empower the

state funding agency to satisfy growing demands for public accountability in higher education and justify its budget against the competing demands of other state agencies (Morrison, 1995, p. 12). However, contrary to the state government's request for increased quantitative data to find out how money was being spent, institutions expressed their preference for a qualitative approach to find out how they could improve. They wanted to focus more on the use of survey and other evaluative data to plan improvements in academic programs and support services in search of improvement (Morrison, 1995). As a result, state accountability through quantitative data and campus improvement through qualitative data seemed to be in conflict concerning performance funding standards.

Due to criticisms of using test scores as criteria and the praise of the utility of surveys and peer review for improvement, some changes were made in this cycle to the indicator weights. Peer review of graduate programs was reinstated and more weight was given to surveys and documented evidence of improvement actions undertaken on campus. Scoring weights were decreased for accreditation, general education assessment, and major fields exams. Accreditation did not decrease in weight due to a discount in its value. Rather, accreditation had become a minimum standard; therefore, reward was no longer deemed necessary. Surveys and corrective measures for long-range improvements were also given more consideration and reward in the scoring (Banta et al., 1996).

1992 – 1997: 3rd 5-Year Cycle

In this cycle THEC shifted from an entire focus on teaching to linking performance funding to institutional or statewide planning goals. They also incorporated measures for

efficiency and productivity (Burke & Serban, 1998, p. 46). They moved toward internal focus and away from external focus in this cycle.

The number of standards for scoring was increased from five to ten with much more internal flexibility and goal setting. Mayes (1995, p. 16) states that “a task force of chief executive and academic officers from across the state reevaluated the program and developed five additional performance funding standards,” which were intended to “reward campuses for their strategic planning efforts.” The new standards emphasize the planning process and its effects. These new standards include peer review of nonaccreditable undergraduate programs, placement rates of graduates, enrollment goals, student success based on graduation rates, and mission-specific objectives.

The Performance Funding Task Force adopted six principles for the new standards, which reflected a shift from reporting of tests to the achievement of institutional goals related to instruction. These principles (Morrison, 1995) included:

- The purpose of performance funding is to provide an incentive for academic quality improvement;
- Incentives should be directed toward the achievement of high quality, not average quality.
- Performance funding standards should be tied as closely as possible to strategic planning, SACS standards, the state Master Plan for higher education, and the goals of Tennessee Challenge 2000.
- Persistence to graduation and transfer from community colleges to universities should be a part of performance funding;

- Standards should be broadened to provide areas other than academics to affect performance funding outcomes;
- Differences in institutional mission should be recognized in the development of new standards.

Mayes (1995) conducted a survey study of funding coordinators at 14 public two-year institutions in Tennessee. In the survey, he asked them to “report their perceptions of the model as a measure of educational outcomes as well as their views of its potential for improving student learning” (Mayes, 1995, p. 14). On a scale of 1 to 5, where 1 equals poor and 5 equals outstanding, these funding coordinators in Tennessee measured the standards of performance funding. The results are given in Table 3 below:

Table 3: Perceptions of Performance Funding Coordinators from 14 Public Two-year Institutions in Tennessee Regarding the Model as a Measure of the Quality of Higher Education

Standards	Measure of Quality
Initial Standards	
Accreditation	4.31
Improvement actions	4.08
Alumni and enrolled student survey	4.00
Major field tests	3.50
General education outcomes	3.28
Additional standards	
Placement rate	4.33
Peer review of nonaccreditable programs	4.31
Mission-specific objectives	3.42
Student success (graduation rates)	3.00
Enrollment goals	2.85
Do the standards improve effectiveness	3.71

Source: Mayes (1995, p. 18).

The special touch to these additional standards was that institutions could set their own goals and measure their own progress. Scoring was also strengthened by becoming even more precise (Banta et al., 1996). Mayes (1995) states that all ten standards were equally weighted. Also, the College BASE test was added as an acceptable exam for testing general education outcomes. A further enhancement to the policy in this cycle was an increase in the supplement from 5 to 5.45 percent for extra incentive (Burke & Serban, 1998).

1997 – 2000: 4th Cycle

Although this cycle was originally established for the years 1997-2002, a mid-cycle revision was made in the year 2000. The 5-year cycle was shortened in an effort to strengthen the standards and align the program with the Higher Education Master Planning cycle. During the 1997-2000 cycle, the funding supplement remained at 5.45 percent. The indicators changed very minutely. Table 4 illustrates the indicators for this cycle. The minority enrollment indicator was omitted, and the mission-specific objectives standard from the previous cycle was expanded and given closer attention. For the first time, institutions were rewarded for doing some of their own planning and initiatives. They were encouraged to plan their own goals and also to incorporate some state goals into that plan. According to Burke and Serban (1998), this cycle marked the first time that the goals of performance funding and state planning were directly related. This cycle also added pilot evaluations of other general education outcomes measures due to the continuing criticisms of test scores.

Table 4: Performance Funding: 1997 – 2000: Standards and Associated Points

	University	2-Year Institutions
Standard 1 – Academic Performance: General Education		
1. Foundation Testing of General Education Outcomes	15	15
2. Pilot Evaluations of Other General Education Outcome Measures	10	10
Standard 2 – Academic Performance: Major Fields		
1. Accreditation of Academic Programs	15	10
2. Program Review	20	10
3. Major Field Assessment	15	15
Standard 3 – Student Success and Satisfaction		
1. Enrolled Student or Alumni Survey	10	10
2. Retention/Persistence	5	5
3. Job Placement (2-year institutions only)	N/A	15
Standard 4 – State and Institutional Initiatives		
1. Institutional Strategic Plan Goals	5	5
2. State Strategic Master Plan Goals	5	5

Source: Table adapted from Bogue (1999, p.22-23)

2000 – 2005: Current 5-Year Cycle

As stated earlier, standards were revised early in the 1997-2000 cycle to align the performance funding program with the Higher Education Master Planning cycle. THEC hopes to correct the conflict between the different reporting schedules by coordinating them on the same cycle. During the current cycle, the funding supplement remained at 5.45 percent. The indicators changed very minutely. Table 5 illustrates the indicators for this cycle. As with past revisions, this cycle has not only some new standards, but also shifts in point allocation. In the current cycle, standards 1 and 2 from the previous cycle were combined into one category called Academic Testing and Program Review. Pilot evaluations of the general outcomes assessment is now worth only five points as opposed to ten in the previous cycle. Program review points were also cut in half for both

Table 5: Performance Funding: 2000 – 2005: Standards and Associated Points

	University	2-Year Institutions
Standard 1 – Academic Testing and Program Review		
1. Foundation Testing of General Education Outcomes	15	15
2. Pilot Evaluation of Other General Education Outcome Measures	5	5
3. Program Accountability:		
Program Review	10	5
Program Accreditation	15	10
4. Major Field Testing	15	15
Standard 2 – Satisfaction Studies		
1. Enrolled/Alumni/Employer Survey	10	10
2. Transfer and Articulation	5	N/A
Standard 3 – Planning and Collaboration		
1. Mission Distinctive Institutional Goals	5	5
2. State Strategic Plan Goals	5	5
Standard 4 – Student Outcomes and Implementation		
1. Output Attainment:		
Retention/Persistence	5	5
Job Placement	N/A	15
2. Assessment Implementation	10	10

universities and two-year colleges. Accreditation and major field testing remained unchanged. Institutions continue to be rewarded for doing some of their own planning and initiatives concerning institutional and state goals. Moreover, student and alumni surveys, retention/persistence and job placement indicators stayed in place without point changes. However, a new transfer and articulation indicator was added for universities, and a new assessment implementation indicator was added for both universities and two-year colleges. The assessment implementation indicator is intended to provide incentives for institutions to incorporate the information obtained through performance funding related assessment into their day-to-day activities.

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Distinctive Features and Strengths of Performance Funding

Tennessee's performance funding project has many distinctive features. First of all, the policy balances political and educational interests by combining public accountability and quality enhancement in one process. This combination has helped THEC "to convince influential legislators that Tennessee's public college and universities are accountable and deserving of additional state revenues if they demonstrate good performance" (Banta in Morrison, 1995, p. 39). This dual purpose is noteworthy for a couple of reasons.

The accountability purpose helps education to maintain some self-regulation. According to Bogue and Brown (1982, p. 123), "the initiative for this policy came from the higher education community and was not imposed on it." It was initiated, funded, and implemented through the higher education community rather than a legislative or executive mandate. Moreover, it was built on a five-year pilot effort that included significant non-state funding (\$500,000 in foundation funding).

The policy promotes further self-regulation in other ways as well. The entire design of the program was intended to make it a desirable goal for institutions to achieve. Morrison (1995, p. 20-21) states "performance funding has a positive focus . . . A basic premise of the program is that positive incentives for quality improvement are more effective than sanctions." It rewards evidence of improvement rather than commanding punishment. It has succeeded because it is perceived as a "nutritious carrot rather than an accountability stick with which to flog institutions" (Banta et al., 1996, p. 43). The apparent provision of additional state funding provides extra incentive to each campus to obtain as much as they can. Furthermore, it allows the campus to employ funds for

flexible purposes rather than earmarking them. These features encourage voluntary participation.

An attitude and value of cooperation—not alienation or competition—also promote self-regulation. The Governor and legislature were very concerned that the policy should not place institutions in competition for funds with one another, that the diversity of each institution’s mission should be given a place in the policy, and that the financial incentive should be large enough to entice institutions to use it (Morrison, 1995). As a result of these concerns over diversity of institutions and competition, comparisons are minimal because institutions only compete with themselves based on past performance for the additional funding (Burke & Serban, 1998). Moreover, THEC involved campuses, governing boards, and political officers from both the legislature and executive branch of government to help reduce conflict in implementation. Finally, it did not result in a zero sum policy, where one institution’s gain is another’s loss. Institutions take further “institutional ownership” of the project due to campus pilot testing, campus involvement in review and standards, and its cost effectiveness (Morrison, 1995, p. 20-21).

The second purpose mentioned above is quality enhancement. Performance funding focuses on quality and renewal. The policy creates an “institutional culture” by fostering “a campus climate for high quality teaching and learning throughout the state’s higher education institutions, enabling issues related to the instructional program to develop naturally at both institutional and departmental level” (Morrison, 1995, p. 40). It focuses on teaching and learning improvement rather than peripheral administrative and

organizational matters. Morrison (1995) attributes this focus on instructional improvement as a reason for the project's success.

Also, the project is reviewed and evaluated every five years, which helps it to identify and concentrate on current quality issues. It has also helped institutions to develop internal policies and procedures to evaluate student achievement and student perception of quality of their educational experience, and to take improvement action to correct any weaknesses identified through those processes.

Aside from aspects of accountability and quality, there are other features of the design of performance funding that make it distinctive. Morrison (1995, p. 39) states that the policy is "an agent for change." Much like the US Constitution's flexibility for improvement in changing times, this policy "can be developed as circumstances change without threatening the diversity of institutional mission" (Morrison, 1995, p. 39). This flexibility resides in the advisory board process in which standards can be "amended, replaced or increased in number to reflect state priorities or collective institutional needs" (Morrison, 1995, p. 39). Moreover, the policy is designed to work with increasing or decreasing economic conditions. Yet another strength to the project was the timing. The timing of the project put Tennessee in the forefront of the quality movement. The policy coincided with national quality interests in the 1970s, demands for public accountability in the 1980s and predated the "institutional effectiveness" criteria for institutional accreditation adopted by all regional states by 1990 (Morrison, 1995, p. 20).

Objections to and Weaknesses of Performance Funding

The road to implementing performance funding has not been without turbulence. Most objections to it and weaknesses are traced to money, assessment, policy complexity,

institutional diversity, and dual purposes of accountability and quality. With regard to money, some participants argued that there is not enough money in appropriations for budgeted items so how would they get any additional money? Bogue and Brown (1982) dispute this argument by showing that some of the higher performances and initiatives have been from the smaller, two-year schools. Moreover, some wanted to know what would happen with the money when institutions reach perfect scores. Bogue and Brown (1982, p. 124) argue that the standards are increasingly rigorous and can also be revised “to encourage attention to new areas.”

With regard to institutional diversity, Bogue and Troutt (1977) admit the difficulty the advisory panel faced in deciding what performance standards would adequately recognize the wide variation of institutional missions. To promote institutional diversity, performance funding did not completely replace enrollment funding. Thus, performance funding sought to be a “complementary feature . . . to promote institutional diversity and improve instructional performance” (Bogue & Troutt 1977, p. 3). Eyler (1984, p. 65) believes that the policy’s “adaptability to diverse institutional goals” is actually a sustaining feature of the policy. The focus on instruction makes it central to all college missions and details of measurement can be tailored to individual campuses (Eyler, 1984).

With regard to the dual purpose of accountability and quality improvement in one process, Banta et al. (1996, p. 39) explain that “from the perspective of most faculty and campus administrators, performance funding is first and foremost an accountability mechanism.” Morrison (1995, p. 44) also believes that in recent years there has been an overemphasis on public accountability. Because the policy makers “have been more

successful in ‘developing and reporting state-level indicators and in using them effectively to account for and promote the state’s higher education system than they have been in inducing institutions to engage in their own local planning and assessment exercises.’ Many believe the plan simply ignores long-range higher education outcomes by focusing only on short-term goals that can be rewarded immediately. This dual purpose also leads to trouble with assessment. Burke (1998), however, suggests that accountability and quality improvement can work quite well together because both are concerned with “how well campuses perform their assigned mission, in the quantity and quality of their graduates, and in the benefits and costs of their programs and services” (Burke, 1998, p. 87).

With regard to assessment, many complained that assessment methodology was not sophisticated enough. Some did not believe that assessment undertaken to meet external accountability demands could also be sufficiently adaptable to local purposes that faculty can use its results to make improvements in campus programs and services” (Banta et al., 1996, p. 28). Moreover, many wondered if it was possible “to measure the quality of higher education with sufficient precision, that is, reliability and validity, to base funding decisions on the results of applying the measures” (Banta et al., 1996, p. 27). Others argued that the indicators are a very narrow representation of instruction, and that many of the criteria encourage the “teaching to test syndrome.” Banta and Fisher (1989, p. 30) state that “the policy was so intrusive that faculty would chafe under the requirements and Tennessee’s enfant terrible would not survive.”

In answer to concerns over imperfect assessment, Bogue and Brown (1982, p. 193) state that the indicators were designed with the following motto in mind—“act on

the possible while awaiting perfection.” They believed it was better to do something with imperfect tests than to do nothing. As a result, the indicators “were arrived at through institutional field tests and the work of state and national advisory panels,” which “met the approval of educators, legislators, and executive officers” (Bogue & Brown, 1982, p. 126). Bogue and Brown also comment on the applicability of the indicators to both community colleges and universities. Furthermore, the tests are continuously being improved upon. In fact, the criteria for performance funding have been changed four times since its origination in 1979 (Banta et al., 1996, p. 24).

Bogue and Brown (1982, p. 126), acknowledge that the danger is present that “some campuses are gearing their thinking to passing the required tests rather than to making a sincere effort to live up to the expectation of excellence.” However, they argue that the indicators do not “stress measurement of immediate results at the expense of long-term results” or that the indicators measured are the only ones important to education (Bogue & Brown, 1982, p. 126). They maintain that “effective management of higher education demands both facts and faith,” and “performance-related funding rests on a belief that more attention to the former [facts] will encourage the latter [faith]” (Bogue & Brown, 1982, p. 126).

With regard to complexity, research by Banta et al. (1996) sheds some light on how difficult the reporting process can be. The study involved the use of surveys, which were given to campus assessment coordinators who deal with the implementation and reporting of performance funding criteria. These coordinators graded performance funding with a C “as a force for improving institutional effectiveness” (Banta et al., 1996, p. 41). Banta and others (1996) base this low grade on several factors. First, these

coordinators are the closest to the day-to-day operation of the policy, and they have seen the complexity of the policy rise and increase their workloads. Also quantitative measurement of qualitative questions is a problem, and long-term results have not had time to surface (Banta et al., 1996, p. 41). Many educators often criticize measurement of educational outcomes based on low levels of reliability and validity for measurement methods. They point to GPA and achievements of successful graduates as evidence enough of excellence (Banta et al., 1996, p. 41). However, despite the inclination to react negatively to assessment, five of the standards were graded with a B. Many people are beginning to believe that some of the standards are helping to improve student learning on campus.

Some other concerns with the policy include the ability for the legislature and the press to abuse it. Would public officials use performance ratings to form “a type of ranking of institutions” (Bogue, 1980, p. 9)? Moreover, some wonder if the accountability measures will really change anyone’s view toward education because their attitudes may be based on perception not fact. Morrison (1995, p.44) also is concerned about awareness of the project. He states that there seems to be a lack of faculty ownership in some institutions. Many faculty are not owners of the policy, and do not even seem aware that it exists.

Evidences of Effectiveness

Over the years, THEC has asked whether it should continue or drop performance based funding, and every year the answer from the Formula Revision Committee has been to continue. The reasons lie in several facets of its proven effectiveness. To begin with, since 1979 it has attracted additional funding for higher education from the

Tennessee legislature. THEC has been able to use the policy successfully “to convince influential legislators that Tennessee’s public colleges and universities are accountable and deserving of additional state revenues if they demonstrate good performance” (Banta et al., 1996, p. 43). Ewell has observed that “Tennessee higher education has maintained its share of available state dollars in comparison with other agencies and functions, a pattern that is rare elsewhere” (Banta et al., 1996, p. 43).

Due to the proven support from the state, “performance-funding dollars represent a supplement to the budget for instruction of each Tennessee institution that chooses to pursue the supplement” (Banta et al., 1996, p. 42). Moreover, the size of the reward has “proven worthwhile” because the supplement is “several times as large as the amount spent on assessment and reporting” (Banta et al., 1996, p. 42). In fact, as “THEC has developed more confidence in the value of its voluntary program of performance funding in stimulating improvement in institutional quality, the budget supplement associated with the policy has increased from 2 to 5 to 5.45 percent of each institution’s annual budget for instruction” (Banta et al., 1996, p. 24). These increased percentages are tied to large dollar amounts. According to Burke and Serban (1998, p. 47), “appropriations for performance funding increased from \$2.9 million in 1980-81 to \$26.5 million in 1995-96, but these amounts have not exceeded 3.9 percent of the state tax funds for operating expenses.” More figures indicate that “more than \$260 million dollars may be traced to . . . performance policy” (Bogue & Aper, 1999, p. 228). Mayes (1995, p. 19) states that performance funding has brought in over \$100 million to Tennessee’s 14 community colleges since the policy’s inception. Moreover, there are no restrictions on the ways the funds are used” (Banta et al., 1996, p. 42). Without such restrictions, an institution may

use the supplement to either “improve existing programs or to initiate new ones” (Banta et al., 1996, p. 42).

Some improvements in Tennessee’s higher education are readily visible. For example, Bogue and Brown (1982, p. 124) state that in the fall of 1981, “16 institutions started some form of general education assessment.” This type of incentive helped administrators to promote evaluation. This type of response is a “desirable side effect of causing institutions to become more interested in their public image” (Bogue & Brown, 1982, p. 124).

There are several other evidences of effectiveness aside from the money the program has generated for higher education in Tennessee. According to a lecture by Grady Bogue (1997, October 13), when performance funding began, only two institutions of twenty-one were conducting any assessment of undergraduate basic academic knowledge/skill (communication, critical thinking, etc.). All institutions now do so. Moreover, fifteen years ago, only 65% of creditable programs were accredited, but today the percentage is at or close to 100% (Bogue, 2000). During the last decade, scores in general education examinations and most licensure examinations have risen from below national averages to above national averages while job placement rates in vocational programs have moved from the mid 60% range to the 87% - 95% range. Bogue (1997, October 13 class lecture) also states that enrollments have grown at a rate considerably higher than state population growth, with two-year college enrollments growing by 24% in the last two years. Enrollment of African-American students has risen at a rate twice the rate of other students. Student and alumni satisfactions are above those expressed by students across the nation on the same instrument and that students

are persisting to graduation at a higher rate. Furthermore, research and public service funding from restricted accounts has grown by 15% and 54% respectively.

Perhaps one of the largest pieces of evidence regarding the policy's effectiveness is how contagious it has become. Banta et al. (1996, p. 38) states that since Tennessee initiated performance funding with financial incentives for evidence of student learning and program quality in 1979, "one-third of the states – most beginning programs in the 1990s – have adopted performance indicators for public higher education." However, Banta et al. (1996, p. 24) give THEC credit by stating that only Tennessee has been very prescriptive "in suggesting the use of common standardized examinations across programs and institutions and in basing specific amounts of funding on levels of test scores and numerical ratings of satisfaction." Moreover, "all the regional accrediting associations have issued calls for institutions to demonstrate their accountability for the use of public funds" (Banta et al., 1996, p. 24).

The spreading of the ideas presented by THEC in performance funding has not been contained to the United States. Banta et al. (1996, p. 38) suggest that "the increasing interest in assessing quality in higher education is now a worldwide phenomenon" with thirty-six countries now belonging to the International Network for Quality Assurance Agencies in Higher Education. Furthermore, the European Union has quality improvement as a main policy goal, while Scotland, Australia, and Sweden also very similar performance-funding policies (Banta et al., 1996, p. 39). Moreover, other countries have examined quality within their institutions and have drawn conclusions to support Tennessee's plan. For example, Mora and Vidal (1998, p. 33) conducted a study of a pilot assessment exercise in Spanish Universities. Many of their conclusions are

congruent to what Tennessee already has in place. Some of their conclusions included the following:

- Universities should control the quality assessment effort, but some kind of agreement and cooperation with governments should be reached, especially in relation to the consequences of evaluation.
- It is important to overcome the reluctance that some people have toward assessment—and to have the support of the university leaders for the project.
- The results of the process should include both internal and external consequences.

They further suggest that although “the main consequence of the assessment process must be the improvement of quality, universities and units should be provided with some kind of incentive to participate and implement the recommendations” (Mora & Vidal, 1998, p. 33). They compare this incentive necessary to performance funding in American states. They felt that performance funding was one solution “for keeping positive pressure on the quality assurance movement” because “if universities are not compensated or rewarded in some fashion for attaining high standards of quality and performance, their commitment to quality assurance processes could be truncated” (Mora & Vidal, 1998, p. 37).

A final example is a study by Morrison (1995) for UK Higher education. Based on his study, he identified several lessons his country could learn based on Tennessee’s plan. He indicated that stating the purpose of the policy clearly was valuable. Also, linking funding immediately helps to make the policy legitimate to institutions. Furthermore, a partnership plan where institutions were involved in all stages helped build a teamwork environment; pilot testing, initial dissemination, ongoing dialogue and

a balance of political and educational interests encouraged institutions to take ownership of the policy and to see its legitimacy.

Questions to be Answered

While many studies have been conducted to research the origins and purpose of performance funding, few studies have been done which are concerned with whether the policy is really affecting educational decisions at the campus level. Are the faculty and administrators just playing the performance game for money or have they truly embraced quality improvement as a value principle? Although Burke and Serban (1997/1998, p. 2) state that performance funding is a “relatively new approach” to funding, Tennessee is the exception. Its performance funding policy has been in existence for twenty years. As a result, this experience should supply rich data for a study to focus on the experience the policy has had at the campus level. This study will focus on the campus level awareness and implementation of performance funding. It will seek to understand the extent to which state policy is promoting substantive and constructive educational change or improvement at the campus and state level. Is the policy making a difference in the campus? The study will also seek to find the extent to which state policy is furnishing data useful for decision. Has accountability policy and systems had constructive decision impact at either the campus or the state level (Bogue, 1997, p. 11)? Furthermore, what are its strengths and weaknesses? By focusing on a single institution with an in-depth case study method of qualitative research, this study hopes to answer these questions.

CHAPTER 3: RESEARCH METHODS

This chapter describes the methods used to answer the research questions proposed in this study. This section will begin with a brief description of a qualitative study and its appropriateness for this study. The researcher will then define the specific qualitative methods that were used and their limitations. Next, she will define how the samples were taken, how data was collected, and how analysis was conducted.

Research Perspective

This study uses a qualitative research approach, which seeks to understand the world as it is understood by those who live it. Creswell (1994, p. 1) defines qualitative research as “an inquiry process of understanding a social or human problem, based on building a complex, holistic picture, formed with words, reporting detailed views of informants, and conducted in a natural setting.” Additionally, Taylor (1994) embellishes this definition by adding to it the complex way humans make meaning. He states that meaning is a “central concept,” arises out of social interaction, changes over time and with context, and is both individual and shared (Taylor, 1994, p.268).

These definitions of qualitative research imply some assumptions. The first assumption is that people hold multiple realities of the world. These realities are based on the meanings people construct from their experiences or the context of their lives. Blumer (1969, p.4) states that “the meanings that things have for human beings are central in their own right.” These different meanings that people form cause them to hold different perspectives on life.

In order to understand and interpret these multiple realities, “researchers should interact with those they study . . . to minimize the distance between him or herself and

those being researched” (Creswell, 1994, p. 6). Creswell (1994, p. 145) states that researchers should take a naturalistic approach and “physically go to the people, setting, site, or institution to observe or record behavior in its natural setting.” This context is essential to qualitative research because an action “can best be understood when it is observed in the setting in which it occurs” (Bogdan & Biklen, 1982, p. 27).

Qualitative research involves accurately capturing your subject’s perspective. Therefore, qualitative researchers incorporate thick descriptive data collection by using words and illustrations to describe a topic of interest. Examples of this data include transcripts, field notes, photographs, and others. Creswell (1994, p. 5-6) believes that qualitative researchers must report “these realities and rely on voices and interpretations of informants.”

Qualitative research uses the inductive research approach to discover how its subjects make their meanings. In inductive research, a hypothesis is formed after collecting the data first. Researchers will use the data they collect to build their theories (Creswell, 1994). Bogdan and Biklen (1982, p. 29) suggest that “the direction you will travel comes after you have been collecting the data, after you have spent time with your subjects.” The researcher does not believe that he can hope to make meaning of a person’s behavior until he has traveled to that person’s world. Therefore, he realizes that he will encounter new questions once he is in their world. He realizes that his research design must be emergent to deal with these findings.

Although there are multiple realities, these different realities may narrow down to a few recurring themes. Therefore, once the data are collected, the researcher should be able to find some similar themes in the data that can be used to make some verifiable

meaning about the subject in its context. This meaning will hopefully be useful if applied to a similar issue in a similar context. Creswell (1994, p. 7) agrees that “categories emerge from informants.” These categories “provide rich ‘context-bound’ information leading to patterns or theories that help explain a phenomenon” (Creswell, 1994, p. 7).

With the goal of qualitative research defined, we will now explore its appropriateness for this study. Maxwell (1996, p. 17) states that qualitative research is especially suited for a research question that seeks to understand the meaning that a participant gives to the “events, situations, and actions they are involved with and of the accounts that they give of their lives and experiences.” When the researcher seeks the perspective of a participant, the researcher is trying to understand his “reality.” Therefore, qualitative research methods—including interviews, document analysis, and observations—were selected for this study because they would allow us to see the campus’s overall experience with performance funding from its employees’ own perspectives. These perspectives are the ones, which need interpretation. Qualitative research will enable us to begin with the subjects themselves and their ideas and allow a theory to build from them instead of from the researcher. Qualitative research will allow description and interpretation to be formed from their own contexts.

Instrument and Literature Support for Method Selected

The qualitative research method selected to gather data for this study is the case study. Yin (1994, p. 13) defines a case study as “an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident.” He clarifies this definition by stating that one would want to use the case study if he or she “deliberately wanted to

cover contextual conditions—believing that they might be highly pertinent to your phenomenon of study” (Yin, 1994, p. 13). Moreover, Stake (1978, p. 7) states that the case study’s best use is for “adding to existing experience and humanistic understanding.” According to Yin (1994, p. 9), the case study is particularly useful in studying organizational and managerial processes and when “a ‘how’ or ‘why’ question is being asked about a contemporary set of events over which the investigator has little or no control.” Therefore, this instrument is an excellent method to discover what experience the performance funding policy has had at the campus level, specifically the campus of Volunteer State Community College in Gallatin, Tennessee. It allows entrance to the campus in order to understand the environment and relevant perspectives associated with the policy as developed and experienced by the administrators and faculty who must live with it daily.

The case study is “an investigation to retain the holistic and meaningful characteristics of real-life events” (Yin, 1994, p. 3). Yin (1994, p. 8) states that “the case study’s unique strength is its ability to deal with a full variety of evidence—documents, artifacts, interviews, and observations.” It relies on multiple sources of evidence that hopefully produce data that converge for triangulation. For the purpose of this case study, all of these methods are used.

The interview is the primary method of inquiry used in this case study. Yin (1994, p. 84) states that “key informants are often critical to the success of a case study. . . . Such persons not only provide the case study investigator with insights into a matter but also can suggest sources of corroboratory evidence—and initiate the access to such sources.” The interview enables us to bring out the subject’s human experience (Taylor & Bogdan,

1984). It allows us “to achieve crucial qualitative objectives within a manageable methodological context,” and it lets the researcher gain access to participants without “violating their privacy or testing their patience” (McCracken, 1988, p. 11).

Additionally, Creswell (1994, p. 150) states that interviews are useful “when informants cannot be directly observed,” when informants can “provide historical information,” and when the researcher needs to have “control” over the questioning because he or she has clearly defined research interests. The interview gives us a chance to experience the world from the perspective of the participants (McCracken, 1988).

This case study also uses documents collected from the college “to corroborate and augment evidence from other sources” (Yin, 1994, p. 81). Documents can help to verify spellings and titles, and to help the researcher find the informants’ words and actions in written form (Creswell, 1994). The documents are evidence of the informants’ thoughts while compiling them (Creswell, 1994). Another advantage is that the method is unobtrusive because documents can be accessed at a convenient time. Moreover, documents allow broad coverage because they may cover a “long span of time, many events and many settings” (Yin, 1994, p. 80).

Interview results should be confirmed by the observations that are made. Observations include what the researcher sees, hears, and notes as she interviews participants and walks through the campus. Observations on the campus help to put the context into perspective and to paint the picture of the story that the researcher is trying to tell. These observations will help to keep inferences made within the context of the environment.

The combination of these interviews, documents and observations should help to find the extent to which performance funding penetrated the campus and the extent to which it has impacted educational decisions. These methods are used to answer the research questions in Table 6.

Table 6: Research Questions and Methods Used

Research Question	Methods Used to Answer
1. To what extent is the Tennessee policy of performance funding promoting substantive and constructive educational change or improvement at the campus level at a community college in Middle Tennessee according to perspectives of those who are involved with it?	<ol style="list-style-type: none"> 1. Interviews with personnel involved in the beginnings and process of the policy 2. Document review of correspondence, memos, and other items referred to by the interviewees
2. To what extent, if any, is Tennessee's Performance Funding influencing decision making?	<ol style="list-style-type: none"> 1. Interviews with personnel involved in decision-making responsibilities to the campus 2. Review of meeting minutes where new policies or actions were created on the campus as well as memos, reports, and other applicable items
3. To what extent is the Tennessee policy of performance funding resulting in useful data for decision-making at the campus level?	<ol style="list-style-type: none"> 1. Interviews with personnel involved in the process of the policy 2. Review of campus initiatives during the policy time span and an analysis of the data used in these decisions
4. What are the policy's strengths and weaknesses as perceived by this campus?	<ol style="list-style-type: none"> 1. Interviews with key personnel who are involved in the process
5. Would campus stakeholders keep the policy unchanged, keep it with revisions, or would they terminate the policy?	<ol style="list-style-type: none"> 1. Interviews with key personnel who are involved in the process
6. What is the level of stakeholder awareness of the policy?	<ol style="list-style-type: none"> 1. Interviews with key personnel who are involved in the process
7. What effect, if any, does the attitude of senior management have on the experience with the performance funding policy at the campus level?	<ol style="list-style-type: none"> 2. Interviews with key personnel who are involved in the process

Sample Definition/Recruitment

Twenty-three campuses across Tennessee have been involved with performance funding in the past 20 years. In a multiple-case study, several campuses may be chosen to be the subject of individual case studies, which can result in more compelling evidence; however, it can consume a great amount of time and resources (Yin, 1994). To combat the problem of resources and time, six researchers are involved in multiple case studies. One researcher is looking at performance funding from a state level perspective. Five others are responsible for conducting case studies of performance funding at five different higher education institutions in Tennessee. These five colleges make up 22% of the public colleges in Tennessee. These campuses include the following:

- Volunteer State Community College
- Walters State Community College
- Tennessee Technological University
- University of Tennessee, Knoxville
- University of Memphis

According to Yin (1994), the logic underlying the use of multiple case studies should follow replication logic, not sampling logic. Yin (1994, p. 46) suggests that each case “must be carefully selected so that it either (a) predicts similar results . . . or (b) produces contrasting results but for predictable reasons.” In order to represent the different college missions involved, the team decided on a mixture of two community colleges, one four-year college, and two research universities for a total of five case studies. As a result, each type of campus is represented for the overall study. The focus of this case study is Volunteer State Community College.

In order to gain entrance to the participant college in this study, Dr. Grady Bogue and the researcher sent letters, Appendix A, to Dr. Hal Ramer, President of Volunteer State Community College. The letters requested access to the campus and participants for this study. Dr. Ramer graciously complied, and stated that they would be happy to help in any manner possible.

Data Collection

As mentioned above, data collection took place via three methods: interviews, document analysis and observations.

Interviews

When conducting interviews, a researcher should keep the subject on track to the issue, ask for further information about events that need clarification, and make the story coordinate with documents collected (Becker, 1966 in Taylor & Bogdan, 1984). Taylor (1994, p. 273) states “because the goal is always to capture the participant’s understanding and meaning of things, the researcher typically prepares only a few general questions and some suggested topic areas.”

As a result, the researcher developed the interview guide in Appendix B to give her a point of reference to cover the main topic questions rather than to serve as a structured, closed-ended interview. Thus, the interviews were open-ended and incorporated questions based on observations and literature reviews.

Yin (1994, p.57) states that a good interviewer “hears the exact words used by the interviewee, captures the mood and affective components, and understands the context from which the interviewee is perceiving the world.” The researcher must take care not

to lead participants to answers or to severely direct their conversation. The goal is to get respondents to feel comfortable enough to talk freely.

The researcher used the referenced interview guide to conduct interviews with executive administration, administration/faculty, and faculty. The executive administration positions covered in these interviews included the President, Vice Presidents of Academic Affairs, Vice President of Business, and Performance Funding Staff Coordinators – past and present. The administrative faculty category included Deans of divisions, and the faculty category included a networking sample of Division Chairs and faculty who are familiar with the policy. Interviewing representatives of all relevant stakeholders on the campus should increase the benefits of the results of this study because many perspectives were taken into account.

These interviews were conducted on the Volunteer State Community College campus. By conducting the interviews at the site and by keeping their transcripts confidential, participants felt more at ease. Thus, they were able to talk more freely and openly about the topic. Preceding each interview, participants were mailed a letter explaining the purpose of the requested interview as well as two consent forms, one for themselves and one for the researcher's records. A copy of this letter can be viewed in Appendix A, and the consent form can be viewed in Appendix C. The President's secretary set the times and places for all interviews.

After introductions and receipt of the consent form for the researcher's records, the interviews were audiotaped and transcribed at a later time by Leann Long, a secretary at Walters State Community College, and the researcher. Ms. Long signed a confidentiality statement as shown in Appendix D. During each interview, the researcher

noted observations or thoughts associated with respondents' comments. Following each interview and transcription, the researcher reviewed the transcription while listening to the audiotape once more to ensure participants' comments and thoughts were captured accurately. During this review of transcriptions, the researcher was able to hear the interview a second time and write comments and additional thoughts. These notes discussed the content of the interview, the participant's attitude and demeanor, and other noteworthy thoughts.

The questions in the interviews followed an emergent design. If questions arose from subsequent interviews with other subjects, the researcher attempted to reconvene with the interviewees and ask them these questions as well. To further ensure accuracy of the transcriptions, the researcher sent interviewees letters and copies of their transcripts for possible revisions or additional comments. A copy of the letter that was sent with the transcripts can be seen in Appendix E. These member checks increase the validity of the research.

Documents

Documents with relevant data were used to corroborate data found in the methods mentioned above. However, a limit to this study became evident in this source of information. The college had undergone some turnover, and the institutional research position went unfilled for two years. The new person over institutional effectiveness had only come to the college in October of 1999. As a result, the number of documents to review was limited because many could not be found. Documents, which were reviewed, included the following items:

- Strategic plans and other planning documents
- Several of the Annual Performance Funding Reports written to THEC
- Memos documenting performance funding over campus missions and visions
- Documented general education requirements and changes to them
- Records or presentations made in the college concerning performance funding
- College catalog
- College timetable and brochures.

When examining the documents and making observations, the researcher looked for messages in the documents and then attempted to corroborate inferences with other sources of information. The documents were useful in preparing the history of the college, and more specifically, its experience with performance funding. These documents are included in the bibliography to help readers to know which documents may be worth further investigation in accordance with Yin (1994).

Observations

Utilizing site-visits to conduct interviews helped the researcher with observations that enabled her to view the working environment first-hand. The researcher was able to observe the physical shape of the campus and offices. Additionally, she was able to interview the administrators and faculty who work with the performance funding policy. Fieldnotes concerning her impressions of these settings were recorded and used for the researcher to gain further perspective and insight of the campus. However, the observations were used more for the researcher to gain a perspective of the campus than for analysis of actual findings or conclusions.

Analysis

According to Yin (1994, p. 102), “data analysis consists of examining, categorizing, tabulating, or otherwise recombining the evidence to address the initial propositions of a study.” There are several analytic techniques available to accomplish this task.

Tesch (1990) suggests that researchers de-contextualize information by reducing the data gathered into patterns, categories, or themes, and then re-contextualize the data to interpret it as a reconstruction of patterns and themes. The result is a rich description of the effect that the policy has had on the campus as interpreted from interviews, documents, and observations. Furthermore, as data was collected and analyzed, the need to change the design of the research did not emerge although sometimes it is necessary in qualitative research, which builds its theories from the data it collects. As a result, the researcher used an inductive approach, in which she included emergent ideas into later interviews.

When an interview was finished, the researcher wrote notes discussing the setting, subject demeanor and climate of the interview. These notes allowed the researcher to immediately record a detailed summary of the interview, which included the main themes, points of interest or illumination, additional thoughts and interpretations of the interview, and future possible questions to follow up on with the interviewee. As the researcher listened to the interviews and reviewed the transcripts of them, she was able to keep the subjects’ responses in context.

Once the interviews were transcribed, the researcher used analytic induction to analyze the data. Taylor (1996, p. 5) states that this process involves “scanning the

interview transcripts for themes or categories, developing a working scheme after examination of initial cases, then modifying and refining it on the basis of subsequent cases.” The researcher read the transcripts and made additional notes on what she saw or heard in the data that she had collected so that she could then develop tentative ideas about categories and relationships. Next, she used coding to search for thematic categories that might encompass all comments or thoughts regarding the campus level experience of performance funding. She also sorted the data into broader themes and issues as well as by specific research question she was attempting to answer.

Notes made from observations on the campus and document analysis serve as additional evidence to support the categories found in the interviews. These items were also read through and searched for patterns that would indicate the level of impact of performance funding on the campus. The ending result is found in Chapters 4 and 5, which focus on the findings of the study as well as conclusions and recommendations the researcher made from the study concerning how the performance funding policy is experienced on the campus.

The final report is consistent with that described by Stake (1978). Stake (1978, p. 7) states that most case studies feature “descriptions that are complex, holistic, and involving a myriad of not highly isolated variables, data that are likely to be gathered at least partly by personal observation, and a writing that is informal, perhaps narrative, possible with verbatim quotation, illustration and even allusion and metaphor.” Chapter 4 reports the findings from this study. The chapter describes the themes that emerged from the interviews conducted with twenty-three participants on the campus. Chapter 5 summarizes the conclusions for the study. The chapter also includes a summary of the

researcher's interpretation of the findings as well as recommendations and further possible research that could be conducted on this topic.

Validity

Validity in qualitative research is concerned with whether the data that are collected and the results that are interpreted bring forth and represent the multiple realities of the participants in the best way possible. The validity of any research is concerned with four areas: construct validity, internal validity, external validity, and reliability.

Construct validity is concerned with correct operational measures for the study (Yin, 1994). Yin (1994) suggests that construct validity is increased by using multiple sources of evidence, triangulation, and by establishing a chain of evidence from the data collected to the conclusions drawn. This type of triangulation looks for similar conclusions from different data sources and methods. Member checks further increase construct validity and add to the chain of evidence because key informants review the report to clear up any misinterpretations. The researcher used triangulation by conducting interviews and by gathering documents. Furthermore, she conducted member checks by sending transcript copies to interviewees for their review and additional comments. These actions increase the construct validity of this study.

Internal validity is concerned with the relationships drawn within the study. Identifying and categorizing patterns or reoccurring themes found in the data are one way this study establishes internal validity.

External validity is concerned with establishing the domain to which a study's findings can be generalized. Writing detailed descriptions of the environment being

studied assisted in defining other environments that might have experienced performance funding in the same way.

Reliability is concerned with proving that the study could be replicated with the same results. The most effective way to increase reliability is through detailed documentation of the procedures followed in data collection and in analysis. Yin (1994, p. 37) suggests that researchers act as if they will be audited by conducting “research as if someone were always looking over your shoulder.”

Several measures were taken to ensure that reliability was accomplished. First, the researcher documented her decisions concerning the research methods she chose as well as the process she used to arrive at her conclusions. She also documented her stages of coding and supported her findings with direct quotes from respondents. Additionally, she made sure that she acted only as a narrator and that she let the participants tell the story. Finally, the researcher used member checks in which she mailed the interview transcripts of the interviews back to the interviewees and asked them to verify their own statements in the transcripts. These factors helped to ensure that the researcher’s findings were trustworthy and accurate in that they clearly represented the perspectives of the respondents.

The majority of these data depended on interviews. As discussed in the section on the limitations of this method, interviews can be insightful, but they can also be skewed to tell a story that does not really represent the subject’s perspective. This potential problem can be handled by building rapport with the subjects interviewed to make them feel comfortable. The researcher tried to convey that this study would only be beneficial to others if the interviewees were candid with their answers. Furthermore, the

researcher recorded the interviews to help ensure that nothing was taken out of context. This recording also ensured that the questions were not leading. The researcher listened carefully to the subjects and asked them to clarify statements that she did not understand. She was also aware of her reactivity. She tried to address how she influenced what the informant said and how it would affect the validity of the inferences she drew from the interview. These methods decreased the major threats to the validity of the conclusions.

Ethical Issues

The study posed no serious ethical problems. Informants who participated consented to the interviews voluntarily. Also, the following steps have been taken to reduce biases:

- To deal with ethical issues, all participants who were interviewed completed a consent form as a release, which is shown in Appendix C.
- Participants were given member checks in which they were allowed to read the transcripts and clarify any misconceptions that were made.

CHAPTER 4: RESEARCH FINDINGS

Preface

This study was designed to investigate the experience of a specific community college with the Tennessee performance funding policy. Twenty-three interviews were conducted on the Volunteer State Community College campus in Gallatin, Tennessee to gather perspectives on the participants' experience with the performance funding policy. These interviews were transcribed by an assistant and then reviewed by the researcher for analysis. The researcher used analytic induction to analyze the data by scanning the transcripts for themes or categories. Analysis continued by sorting the interviews into categories of employment and comparing answers to each question first among those in each category and then between categories in general. Documents such as interoffice memoranda and past performance funding reports were also studied for additional information concerning the experience of this campus with the performance funding policy.

The questions that guided the study included the following:

1. To what extent is the Tennessee policy of performance funding promoting substantive and constructive educational change or improvement at the campus level of a community college in Middle Tennessee according to perspectives of those who are involved with it?
2. To what extent, if any, is Tennessee's Performance Funding influencing decision making?
3. To what extent is the Tennessee policy of performance funding resulting in useful data for decision-making at the campus level?
4. What are the policy's strengths and weaknesses as perceived by this campus?
5. Would campus stakeholders keep the policy unchanged, keep it with revisions, or would they terminate the policy?
6. What is the level of stakeholder awareness of the policy?
7. What effect, if any, does the attitude of senior management have on the experience with the performance funding policy at the campus level?

Although the research questions were helpful in guiding the interviews, the findings that resulted could not be neatly tied to only one research question. Many themes arose from a cross-sectional analysis of the answers to all of the questions. Therefore, the researcher addresses the research questions posed through the emerging themes.

In this chapter, the findings from the data gathered are presented. First, a brief description of the campus is given. Then the history of the college and its beginning experience with performance funding is described. Next, the major themes that arose from the interview responses to the research questions are discussed. The presentation of the data from the interviews conducted with executive administration, administrative faculty, and faculty members provide the majority of the findings for this study. The emerging themes are validated through the direct quotations taken from these interviews conducted on the Volunteer State campus. Moreover, if any of the documents examined relate to a specific research question, those documents are also discussed below the respective research question. The goal is to give the most comprehensive perspective of the policy based upon the level of employment. Finally, the chapter concludes with some suggestions these participants offered for the performance policy.

The findings presented here are intended to answer the question of how performance funding is really experienced at the campus level. The perspectives of the employees of the institution will shed further light on the performance funding policy on this campus.

Brief Description of the Volunteer State Campus

Volunteer State Community College is a campus with unique qualities. The campus is rich in tradition, due in part to the fact that its acting president, Dr. Hal Ramer, has been its only president for the 30 years of its existence. This man's affinity for tradition is seen throughout the campus from the shaggy blue carpet and old antiques that decorate the president's office and conference room to the unusual stones spread throughout the grounds. These stones that many students casually sit on are actually columns from the old state capitol building that Dr. Ramer had a contractor cut up and move to the campus.

Another unique quality of Volunteer State Community College is the two dogs, Trixie and Ginger, who have become the school's pets. These dogs have free roam of the campus and buildings in the afternoon after the cafeteria is closed. Their presence on this campus is also due to the President and his love for animals. His gentleness and paternal mannerisms are visible in the way he handles his faculty as well. A true gentleman is the best way to describe the man who has guided Volunteer State for so many years.

The grounds of the college are very inviting and are also evidence of the sweet spirit of the campus. From the artifacts and pets mentioned above to the cascading fountain and umbrella tables in the main circle for students to take a break from their day, these campus grounds can be rejuvenating to the weary student.

Volunteer State Community College is a public two-year community college in Gallatin, Tennessee. The college is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools to award the Associate Degree.

According to the Volunteer State 2000-2001 catalog, the college was established as a result of cooperation between citizens of Sumner County and State officials. On June 2, 1969, the Tennessee Higher Education Commission authorized the State Board of Education to establish a community college in Sumner County. On July 29, 1969, a 100-acre tract on Nashville Pike was selected for the new campus. This property, which is located just 10 minutes from Hendersonville and 30 minutes from northeast Nashville, was deeded to the state on December 4, 1969. On May 8, 1970, Dr. Hal Ramer was elected by the State Board of Education as the founding president of the college, effective July 1, 1970. Dr. Ramer continues to lead the college as president today.

The college began instruction in the fall of 1971 by utilizing the Cordell Hull Hotel and several area churches for its 581 students. The main campus today is made up of ten primary buildings and a few newly acquired office buildings. It also has several off-campus sites. According to the 2000-2001 catalog, since its inception in 1971 through the 1997-1998 academic year, the college has had more than ninety-thousand attendees.

The College's primary service area is northern Middle Tennessee inclusive of Clay, Davidson, Jackson, Macon, Overton, Pickett, Putnam, Robertson, Smith, Sumner, Trousdale, and Wilson counties. The college places special emphasis on business, health, and public service programs. For academic purposes, the college is divided into 6 divisions of credit instructional programs. These include the Division of Allied Health, Division of Business, Developmental Studies, Division of Humanities, Division of Mathematics and Science, and the Division of Social Science and Education.

Brief History of Volunteer State and Performance Funding

Performance funding first came into being in 1979 while Volunteer State was in its very early stages of development. Since that time, numerous people have been responsible for the policy's implementation on this campus. Dr. Janice Slaughter played a very large role initially. She attended the state meetings, and she helped Volunteer State to be one of the first colleges to pilot the policy. After that time, the work shifted to Mr. Jim Ward, Executive Director of Planning Services and Institutional Research. Mr. Ward left the institution in early 1998. Upon his retirement in 1998, the policy was handled by Mr. Jim Hiatt and others for one year. In 1999, Ms. Jane McGuire was hired as Vice President of Institutional Effectiveness, Research Planning and Assessment. Ms. McGuire previously worked at the Tennessee Board of Regents for 15 years as the Director of Research, and she is currently responsible for the performance funding policy on the Volunteer State campus.

As far as scores are concerned, Volunteer State's history with performance funding is exceptional. Table 7 represents the Performance funding profiles from 1978-79 to 1997-98. With the exception of the 1995-96 year, Volunteer State has either had the highest score or has at least scored above the average, most of the time well above the average. One might say that these scores indicate that the policy is working on this campus to produce quality instruction and services; however, this statement needs further examination. For example, some might say that the measurements and numbers do not really reflect the quality of the institution. Still others might argue that the policy has nothing to do with the drive for quality because the quality would be there anyway, and

Table 7: Performance Funding: 1978 – 1998: Highs, Means, Lows Compared to Volunteer State

Year	Low	Mean	High	VSCC Score
78-79	10	41	67	65
79-80	13	54	80	80
80-81	13	58	88	69
81-82	10	67	82	74
82-83	72	91	100	100
83-84	59	93	100	100
84-85	63	91	100	100
85-86	70	95	100	100
86-87	73	95	100	100
87-88	32	81	96	86
88-89	35	81	97	84
89-90	61	82	97	91
90-91	66	80	93	89
91-92	60	81	96	93
92-93	82	92	100	100
93-94	79	89	99	96
94-95	67	89	98	98
95-96	74	86	95	80
96-97	79	89	97	94
97-98	72	94	100	94

Source: Table adapted from Bogue (2000, p.22-23) and modified.

the policy calculations just cause extra work. Still others say the numbers could be manipulated. These perspectives appeared in the themes below.

Emerging Themes

Several themes emerged from the responses of the twenty-three participants on the Volunteer State campus. Some of these themes emerged from direct responses to the research questions, which guided the interviews. However, some themes also emerged from the freedom the participants had to talk about the policy in an open-ended interview format. Each of these emerging themes contained several facets. The major themes that arose from this study are as follows:

- a change in the campus's attitude toward the policy over time
- different perceptions of the policy due to minimal communication
- problems associated with the incentive of additional funding from the policy
 - administrative focus on points rather than quality improvement
 - inhibits challenging goals
 - ethical considerations
 - draws attention away from weaknesses
 - allocation of performance funding dollars
- problems associated with the data generated from the performance funding policy
 - use of data
 - limitations of data
 - measurements of quality
 - internal evaluators and ethics
- conflict between enrollment goals of the campus and performance funding goals
- stated strengths of the policy versus discontinuance
- future of performance funding at Volunteer State

These themes answer the research questions posed, and they also go beyond the boundaries suggested in the questions to give a rich description of what performance funding looks like on the Volunteer State Community College campus.

Performance Funding and Volunteer State: Beginning vs. Present

In the beginning, performance funding had a definite presence on the Volunteer State campus. In fact, Volunteer State was one of the two community colleges (and one of the eleven in total) to volunteer to pilot the project. Performance funding began its first cycle in 1979. At that time, Volunteer State was only eight years old. One participant offered further insight on the campus and its openness to the policy in its early years in the following statement:

Participant 2: “the faculty basically was a very young faculty in 1971, . . . and we were very adjustable, and this study came very early in our development. Therefore, we didn’t have a selling job to do on an established campus that other people may have had to do. . . . We were very young, and we were very proud, and I think that in those formative years, we really were a Volunteer State.”

However, perceptions of this policy seem to have changed over time. This same participant, who put a great deal of time and effort into implementing the policy on the campus in the late ‘70s and early ‘80s, had the following to say about the policy now:

Participant 2: “I think the enthusiasm for the project is not there for the project as it was in the beginning. I don’t know if that is because there has been a lot of turnover, or because we have grown so much that we don’t have the commitment to this, or if we are resting on our previous reputation and saying that we are good enough and we don’t need to do it. . . . I don’t think people’s faces light up when you mention performance funding now. I think maybe it is a struggle to get into it. . . . Originally, it was not to be a numbers crunch. It was really to be a feedback, a developmental tool, a teaching tool, professional development tool, and I think somewhere in the last 20 years or so, it got to be a numbers crunch, a bean counter.”

Another administrative faculty member reiterated this sentiment about the policy’s declining value over time.

Participant 7: “I think that when we first started with it, it probably served a better purpose than it is serving now.”

Much of this loss of enthusiasm and even discontentment seem to emerge from several factors regarding the implementation of the policy. The following themes that emerged from the interviews are helpful in depicting problems with the policy and how the policy might regain the sense of vitality that it had in the beginning.

Differences in Perspectives toward the Policy Due to Minimal Communication

When examining the interview results from all of the participants, a sharp contrast was found in the opinions of the policy among the levels of employment. The three different levels of employment were executive administration, administrative faculty, and

faculty. The major differences in opinions toward the policy occurred between the majority of executive administrators on one side and administrative faculty and faculty on the other side.

Most executive administrators were much more optimistic toward the policy and its impact on the campus. Two of these administrators' perspectives are given below.

Participant 1: "We have had a number of enhancements and improvements in academic programs and operations because of the existence of the performance funding. I would be a little reluctant to try to single out one, but there has been a number within the academic sphere that have been marked improvements because of performance funding."

Participant 4: "It [performance funding] forces you to look at many important factors that are important to the institution. . . . I think a measure of the health of an institution, the diversity of an institution are factors that may not be perfect, but are factors that are generally, I think, accepted in academe as legitimate measures and standards."

While several executive administrators like those above spoke highly of the policy, only one participant below the executive administration level could give a specific example of how the policy impacted the campus in a positive way. This participant's comments are found below.

Participant 11: "[Performance funding] is properly structured, . . . nothing is changed quickly without a whole lot of debate and a whole lot of discussion. At the same time, I think it is good because it helps us not hold on to programs where there are not positive student outcomes where placement isn't adequate."

In contrast, the majority of administrative faculty and faculty were not as optimistic toward the policy's influence on quality improvement on campus. Some of these believed that the quality was already on the campus and the policy did not influence or instigate quality. For example, one administrative faculty and one faculty member made the following respective comments concerning the policy and quality on the campus:

Participant 15: “In terms of grass roots involvement or even involvement at the level of the main administrators, I am not sure that it [performance funding] has been taken to heart. . . . In this institution, I think the quality is there in a lot of ways, and the Performance Funding is somewhat an afterthought.”

Participant 16: “. . . I think we would be concerned about quality whether or not Performance Funding existed because we are looking at how well prepared our students, who have done their [specific academic department] education here when they go on to a university. I can’t say that I think our concern with quality is directly related to what we will or will not get out of Performance Funding. I think quality is our business . . . whether somebody is watching us or grading us or not. I can’t say that I think it has . . . improved the way we do business.”

These statements suggest that some of the interviewees believed that quality is already a part of their campus without any influence from the policy.

Others agreed that the policy had not had any impact on the campus at all. They expressed many opinions as to why the policy has not been able to accomplish what it had intended. Some of these perspectives emerged into their own themes, which are discussed later. However, the most common reason for the difference in opinion toward the policy appeared to be the lack of communication of the policy between executive administration and lower levels of employment in the campus.

Many executive administrators appeared to believe that performance funding is their problem to solve. They knew their college is in dire need of funding to survive, and therefore, they preferred to be top-down and expedient with their decisions concerning the policy. The following statement summarizes this opinion.

Participant 1: “Our senior management has always been very supportive of performance funding, and we take it seriously. We want to do well each year. *We have always had key staff members involved in the process of responding, and throughout the year, we look at ways that we can improve our performance on the various indices of measurement.* . . . But I don’t think that we have carried it far enough along into the faculty. . . . That is not because of lack of commitment of the senior management. We just haven’t involved some of the other faculty that we should. . . . *It tends to be a process that just involves the senior administrators and the senior academic officers.*”

These executive administrators were convinced that their faculty are doing quality work and that these employees do not need to be concerned with the intricate details of the performance funding policy. For example, one executive administrator summarized this as follows:

Participant 4: “They don’t need to know. To me our campuses now are large enough, and they’re diverse enough, and they’re so specialized that people want to be involved with what they’re involved in, but they really don’t have the time, energy or intellect . . . for everybody to become an expert on the aspects of performance funding.”

Furthermore, only one administrative faculty agreed with executive administration’s stance on who should handle the policy. He expressed that another reason that faculty are not more included in performance funding decisions is because the faculty really do not want to be bothered with it. His made his point as follows:

Participant 11: “In higher education, there are two schools of thought. One is faculty and one is administration. Faculty would say, tell us what you think in one breath and in the next breath they will say, but we are not responsible for that. . . . There are hearings and meetings held. Attendance might be pretty poor by faculty. . . . That said, I think as long as information is available, the faculty taking part in the assessment and analysis of the report, that is good.”

Executive administration’s paternalistic attempts to watch over the policy have worked. Not surprisingly, the majority of administrative faculty and faculty stated that they had no knowledge of the policy. Several participants made this claim in the following statements:

Participant 12: “In this institution, a few individuals are very aware of performance funding; most, however, are almost totally unaware.”

Participant 9: “Certainly it doesn’t go below me. I would say that it would be unlikely that very many people below dean level would know about it. . . . the planning activity, including Performance Funding reporting, has been isolated and in the hands of such a small number of people.”

Participant 19: “Well, it [faculty awareness] would be very limited. . . . I have been the [specific committee coordinator] ever since the school opened and I am usually involved in a lot of things. I make it a point to know about the things that I am involved in, but that is one thing that I am not aware of.”

Participant 20: “I don’t know that I have ever even seen the policy. . . . I have served on faculty council, as a matter of fact for the last three years . . . very seldom have we ever talked about Performance Funding.”

Furthermore, those faculty who had heard of the policy seemed to only know about the money incentive, which is only supposed to be a by-product of the policy. The following statements made by faculty are examples of these sentiments:

Participant 19: “I know that we get the big push to get the maximum number of points.”

Participant 15: “[Faculty] know that it amounts to money. I think they have heard a lot that we need to keep doing the best that we can possibly do because if we don’t, it can mean that we lose or we don’t get money.”

Participant 7: “The average person on this campus . . . would say ‘it [performance funding] is something that we get measured on that we get some money.’ If they ask an average employee as to what are some of the things that they are measured on, they couldn’t tell you one. . . . It is an administrative tool.”

Participant 11: “I don’t think that any of them [faculty] could speak in great detail about the components of that Performance Funding score. I think a lot of administrators could tell you to the dollar what it means to the institution. . . . I think they [faculty] know a high score means enhanced funding.”

The problems with the financial incentive will be discussed later, but it seems noteworthy that the money is the only facet of the policy that some of the faculty really know of.

Although executive administration appeared to have good intentions in watching over the policy (in being able to make expedient decisions and causing less hassle for faculty) their actions have not been received well. One faculty member seemed offended that executive administration did not want or ask for faculty input on such decisions. She expressed this point very poignantly in the following statement:

Participant 16: "I am going to tell you that when [an executive administrator] first came to the campus, . . . I was chairing a committee on faculty workload at that time. . . . I will never forget, at that point he said, you do not need to worry about Performance Funding. . . . In other words, that is not any of your business. . . . I think that sometimes there is that sort of attitude on this campus. We will let the faculty do their thing and the other group of administration will make the decisions."

Interestingly, the majority of administrative faculty, faculty and even a few executive administrators saw this lack of communication about the true intent of the policy as unfortunate. They expressed that the policy had the potential to make an impact if it were only communicated better and filtered down to the faculty "in the trenches."

For example, when one administrative faculty member was asked if the policy had made an impact on the campus, he stated the following:

Participant 9: "Probably not because it is not well enough understood by all of us. . . . I think it is absolutely necessary for all of us to know what the project is all about and what the upside is going to be. What is it going to be worth for us other than money?"

Several others reiterated this belief in the following comments when they were asked about the impact of the policy on the campus.

Participant 3: "I believe again that what's wrong with the whole assessment effectiveness performance funding arena on campus is it never gets down to what I call the worker bees. . . . The people who do the day-in and day-out. . . . I believe if they knew about it, they would be willing to look at what they're doing, they just may not know how."

Participant 1: "[Stakeholder awareness is] Not deep enough. . . . I think we need to apprise our faculty and staff more thoroughly of the performance funding process and its good effect on the college."

Participant 6: "Those who kind of make or break the campus are not directly involved with it and don't see how they tie back to it. I recognize that the executives are fully aware of it. . . . But I don't think it goes down into the classroom. . . . I think it needs to come down to different levels because it impacts every level or category of persons on the campus."

Not only did several faculty express that they needed to know more about the policy, but several also expressed an interest in having an input in the decisions that are made regarding the policy. Two faculty members reiterated how faculty should be more involved in the decisions of the policy by focusing on how the decisions are currently made.

Participant 16: “. . . My impression is that often the policies are put into place and effected by individuals . . . who are more politically oriented often, rather than academically oriented and without having had much interaction with the students and particular campuses. So I would say, any process that is going to be well received by educators and the public alike is going to have to have a very broad base of input from a variety of folks, not just from a top group of politicians. . . . If we can free the people who are in the trenches, in the classrooms, even the department chairs, from some of the burden of figuring out how to play the game, then we ought to be able to do a better job with the curriculum and the content that we are teaching. . . .”

Participant 2: “What made this thing work in the first place? There was a group of 20 people who met maybe monthly. We would have either a half-day or one day workshop. These were not administrators, per say. It was a mixture. I was an English faculty member. And Bob Levy was an associate vice-president. Grady Bogue, was just one of the people at THEC, and Bill Trout was his assistant. Then there was a math professor and a chemistry professor and a dean. We got together, and we discussed it, and then we went back to our campuses. I wouldn’t think that the performance funding people ever talk to them [now], and we certainly don’t have any faculty who have any release time to go to meetings to share ideas.”

Some other administrators reiterated that too many decisions about assessment are being made by too few top administrators and that these administrators are not in tune with academe. Their statements follow:

Participant 9: “Now, I don’t know who decides what things we are going to use as the Performance Funding criteria. . . . I presume it comes from THEC. . . . I believe that if you asked some people a little bit farther down the ladder, you would probably get a different impression about what they think is necessary to make their school better. . . . [We should] spend more time and energy engaging them. Let them see that what they say and do has an impact.”

Participant 3: “Most of the time the large group of people who make the determination about performance funding have some presidents and vice presidents. And the problem with that is . . . they’re not in tune with how to really assess academics. . . . Either we’re not listening or we’re not taking the time to ask. . . . And I think it’s like with many initiatives that you have—people doing things in isolation rather than as a jointed campus effort, which takes a lot more work. It’s a lot harder to get all the players together and move forward rather than for people to run off in tangents.”

As a result of these comments, the perspectives of the policy showed a marked difference between the executive administrative level and other levels of employment based on a low level of communication of the policy. By scanning through several interoffice memoranda and other college planning documents, the faculty and administrative faculty complaint became even more evident. The majority of these documents were exchanged among executive administration only. The decisions were made between members of this level, and faculty were seldom consulted or asked to be on any committee for performance funding decisions. In fact, out of the several files that the researcher searched, only two went below the executive administrative level to the administrative faculty level, and none were addressed to faculty. This finding further points to a very low level of faculty involvement in decisions having to do with performance funding.

Problems Associated with the Financial Incentive from the Policy

As stated in the preceding theme, there are several reasons that lie beneath the discontentment communicated on this campus concerning the performance funding policy. One of these reasons is linked to the money incentive attached to the policy. This type of incentive has generated several of its own areas of discontentment with the implementation of the policy.

Some interviewees believed that the money is the only strength of the policy and that the link between money and the policy caused the administration to focus more on points than on actual improvement in the campus. Other participants believed that the tie to money inhibited the campus from challenging itself because it would risk losing money as a result. Furthermore, some participants believed that the tie to money caused the campus to focus only on areas measured by performance funding and to neglect other weak areas. Finally, some participants did not agree with the allocation of the funds from performance funding. They stated that their divisions never saw the rewards of the points that they worked for. All of these issues concerning the money incentive in the policy are discussed in the following pages.

Administrative Focus on Points and Money Rather than Quality Improvement

Although the purpose of the performance funding policy is to enhance quality improvement on the college campus and to promote some form of accountability, the money incentive of the policy seems to have replaced this goal. Several faculty could point only to the money as a strength of the policy. Some of their comments follow:

Participant 13: “Money always makes a difference. . . . That is what the push is. I mean Performance Funding is tied to money. So, . . . the way to get more dollars is to improve your performance, then you see more money.”

Participant 18: “Additional revenue is one of its greatest strengths.”

Participant 21: “Certainly its greatest strength is to provide funding for the institution. If applied properly . . . it provides funding to the institutions who most need it.”

Several participants felt that the policy had the potential to have an impact; however, they remarked that unfortunately the policy had become more about getting points and money than influencing actual quality improvement in the classroom. Three

administrators made noteworthy comments concerning this point. These comments follow:

Participant 3: “I think the policy and the intent of the policy is to actually reward excellence and encourage campuses to take hard looks at academic programs, student services, all the things that we do. But, . . . the focus at a campus level on occasions may become more of trying to get those points to get your five percent of appropriations rather than really using it for improvement.”

Participant 9: “Well, I guess I wonder like others whether or not it is anything other than a way to get extra money. . . . In Tennessee, like many other states in the southeast, has always been in dire financial straits. So anything that we can do to get more money is high on our list. But just getting more money is not going to make us better. And there are times when I wonder if we don’t try to get more money and don’t worry about whether we are really getting better.”

Participant 7: “I think that sometimes we are way too concerned with what the scores are going to be on Performance Funding than we are with what changes are we making in the classroom. . . . Of course, anytime you stick money on to something, it would tend to make some people let that be the goal. . . . I am not sure the money is the right incentive.”

Two faculty also reiterated the fact that the policy had become more about points and funding than quality improvement. Their comments are stated below:

Participant 22: “I think that the senior management looks at Performance Funding in two respects. There is a concern if our numbers drop or if our funding drops, but in the terms of converting that to actual programs to improve performance, I am not sure that happens here.”

Participant 16: “I think it [performance funding] is influencing decision making because we want more dollars. . . . there is a fair amount of effort going on to address how it is we get the most points because we are so concerned about funding rather than . . . is this the appropriate thing for us to do because it makes sense and it is sound academically.”

The problems with funding for higher education in Tennessee contribute in a large way to this theme concerning executive administration’s preoccupation with the money incentive in the policy. Tennessee colleges are not fully funded according to their needs without performance funding. As a result, these colleges do not see performance funding

dollars as an incentive, but rather they see it as a necessity to keep the college doors open. Therefore, the emphasis toward the policy becomes more about getting the points rather than on actually working to improve the quality of the campus.

Inhibits Challenging Goals

Several interviewees further suggested that the link between money and the policy keeps the institution too focused on what they know they can absolutely accomplish. In other words, it keeps them from dreaming or reaching too high to achieve goals that they would like to reach. One executive administrator expressed this perspective below:

Participant 15: “I think it [performance funding] does in fact . . . keep a cap on us. We don’t challenge ourselves. We don’t take risks. . . . We don’t want to stick our nose out too far because we want to make sure that we hit it. . . . Yes. [The reason is] because of the money. . . . [For example,] retention for this year is a theme for Volunteer State. Well, we have one retention measure that is there in the book that has been given to us. . . . If we send it downtown and it is too high, they may well send it back. . . . They will say, ‘are you sure you really want to jump from where you have been to here? Isn’t that too much of a stretch in that retention measure.’”

This finding is also unfortunate because the intent of the policy is to encourage educational improvement in a true sense of the word. The policy is not about only appearing to improve. The integrity of the institution is at stake when the college believes that they must set only low goals to ensure they reach them. This issue introduces the next theme that arose from the participants’ answers concerning ethical problems with the money incentive in the policy.

Ethical Considerations

Some participants alluded to actual number manipulation due to the dire need for the extra funding provided through the policy. Many participants mentioned that instead of reaching for goals or challenging themselves, their departments simply lower the bar

of expectation to ensure they get the additional funding. Therefore, although the numbers indicate improvement, the numbers are very diluted and do not truly indicate improvement on the campus. Several noteworthy comments were made concerning “playing the game” of performance funding. These quotations follow:

Participant 3: “I do think that its greatest weakness is it does encourage game playing and manipulating. . . . I don’t think there has been any dishonesty, but I do think that after you work with things like performance funding you become an expert in knowing it and knowing how to honestly manipulate it. And, all people that are involved with that will do that when there is money tied to it. I don’t consider that dishonest, but I’m not sure that those scores always reflect the academic quality of the institution.”

Participant 7: “It is fraud in a very mild sense. In other words, if we say that you are going to check this particular item . . . I am going to make sure that I don’t really do well one particular year. . . . Another thing is that if we say, ‘Okay, you can take just a random sample. . . .’ Well, if you give me the option to go find the student. I can find exactly the graduates that I want to do the test. That is fraud. Again it is a mild fraud, but it is.”

Participant 21: “I think our senior management will go into it with the attitude that we are going to have a high 90 or else. . . . I think they will look for the data to give them a high 90.”

Participant 13: “Currently, we are saying, you still have to maintain 35 [enrollment] to get that funding on the front end, but we want your scores to go up. Well, then, the only way to get your scores up is to either lower the bar or find a tool that will allow you to hit the mark without really changing what you are doing. That is the problem with Performance Funding. We find a way to measure it so that it hits the bar, rather than looking at the bar and saying what do we need to do down here to make sure that we hit that.”

Participant 9: “When someone tells me that . . . 70% of all of its grades given are ‘A’s’ and ‘B’s’, then . . . we have an institutional problem. . . . Because you have kept most of the students in classes by not failing them, does not prove anything . . . [it] just proves that you have diluted your grading system. . . . For example, our entrance exam has been diluted several times since we started a mandatory placement and testing program in 1985 . . . by lowering the standards. That means that we are pushing more and more students into college level courses and then demanding that more of them pass.”

These participant perspectives demonstrate that the college administrators and faculty will do their part to show that they are improving according to the rules of the

measurements, but not according to the integrity of the measurements. As a result, the integrity of the campus has been hurt simply because they felt they must do anything possible to ensure their performance funding dollars. The financial incentive has become necessary for survival instead of just a bonus for quality work. This focus on the need for money also causes the campus to focus only on those standards, which are measured in the policy. This point is examined more fully in the next section.

Draws Attention Away from Weaknesses

Another theme worthy of discussion that arose from interviewees was that the money incentive can also keep departments from truly investigating their weak areas that are in need of improvement. Because money is tied to the policy, divisions focus on the specific areas of measurement in the performance funding policy. Focusing on these areas, which may already be their strong areas, keeps them from paying attention to other weak areas where there is no incentive. One participant stated this problem eloquently as follows:

Participant 7: “. . . the Board says that a particular item has to be on your Performance Funding. What if, at your particular school, that is not your particular weakness at that time. . . . We love the idea that our placement is a major factor on our Performance Funding. . . . Some of the other things that we might need to be working on, we would never put on Performance Funding, because you know you are not going to get 10 points or 5 points or whatever out of them.”

A faculty member reiterated this problem with lack of time for focusing on other areas of improvement due to the necessity of getting the most points on what is measured by performance funding. His comments follow:

Participant 21: “It might not take into consideration institutions that already by the very nature of environmental circumstances, where they are, already have weaknesses that need to be shored up.”

Although, the policy was originally designed to motivate campuses to find their weaknesses, report them, and then improve them, the changes in the measurements and point allocation in the standards over the years have caused campuses to fear reporting true weaknesses for fear of losing money. The standards have focused less on campuses finding their own weaknesses and repairing them than they have on prescribing exactly what should be reported and what types of scores should be made. The money incentive tied to the policy has raised one final issue as well concerning its allocation. This topic is discussed in the following section.

Allocation of Performance Funding Dollars

A final theme that arose concerning the money incentive in the performance funding policy dealt with the allocation of the money when the college earns it. In the development of performance funding, the creators of the policy believed that adding money as an incentive for colleges would be an excellent motivator to get schools to buy into the policy's purpose. This policy was originally structured to work in times of strong and weak economic conditions. The planners of the policy believed that allowing colleges to use the additional funds that they received in whatever manner they chose would be an additional motivator for them.

However, due to financial conditions in Tennessee and the way the policy has been implemented, performance funding money is not looked upon as additional funding. One executive administrator expressed his frustration with the lack of full funding, and the fact that performance funding could not be viewed as a bonus or additional funding. Instead, he expressed that the performance funding dollars had become a part of the campus's operating budget. His comments follow below:

Participant 4: “I don’t think performance funding is enhanced funding until you get 100% of the formula. . . . If you’re only going to fund an institution at 90% or 92% of the formula, and then to say part of that 92% is enhanced funding from performance funding—it’s really not enhanced. It’s really basic dollars . . . that every institution needs just to operate and keep our doors open especially public institutions. I wish we had it to buy some exotics that everybody could recognize and see that this is really what performance funding has done for us . . . you get a sabbatical, you get a extra compensation, . . . a new piece of technology maybe that you want for your program or whatever, and we’ve not always been able to tie, I think, those rewards to performance funding because we’ve not been fully formula funded for a long time.”

As a result, the lower ranks in the campus do not ever feel that they really see a reward for performance funding because the funds never come back to them or their departments as a result of their work with the policy. If the funds do come back to them, no one is telling them that those funds are a result of the performance funding dollars that they helped to generate. The funding is not considered to be a reward to anyone anymore except the overall college and executive administration. These perspectives are discussed by faculty members below:

Participant 22: “At Volunteer State Community College, the money, seems to me goes into the general fund. As such, the folks that are generating the funding don’t see anything special coming out of it. . . . From the perspective of actually effecting the quality of the education my students get, I don’t see any particular thing that comes back to me for generating 10 points.”

Participant 12: “The extra funds available to institutions . . . could be an incentive/reward for departments if those additional funds were channeled into specific units and not simply put into a general fund.”

Another faculty member went so far as to state that other incentives should be used in place of money. His comments are below:

Participant 13: “Where does it [the money] go? Did it go to those programs that were doing well so they can continue to do well? Or those programs that weren’t doing well . . . so that they could do better? . . . Money isn’t always the issue. . . . If these people aren’t performing, what is the reason they aren’t performing? If it is because work loads are too high, or student ratios are too high, or lack of adequate classrooms, then . . . I want to bring these people up. That is what I should be looking for in Performance Funding.”

All of these problems noted with the financial incentive in the policy are noteworthy. Another set of problems arose concerning the data generated through the policy, an issue to which we now turn.

Problems Associated with the Data Generated from the Policy

Another theme that emerged with several facets was discontentment with the data generated from performance funding and how they are used. Several interviewees mentioned that the data are only collected and never used because nothing requires them to use the data or because the definitions of what is measured are too ambiguous or too vague to really aid in classroom improvement. Others stated that some of the measurements such as the general education exam cause much frustration and also contribute to ethical problems with the policy. Finally, some pointed out that the data do not truly reflect the quality on the campus because they evaluate themselves. They suggested that internal evaluations cause many ethical concerns and lessen the validity of campus scores. They further suggested that external evaluators could do much toward validating these reports. All of these issues concerning data are discussed in more detail in the following pages.

Use of Data

Performance funding was never meant to be a 'paper' exercise. Data were to be gathered and then used to improve the quality of the education on each college campus. However, on this campus, very few interviewees expressed that data generated through performance funding processes are being used to make decisions on campus, and only a couple could give an example. Their comments follow below:

Participant 4: “It has some significant impact on decision-making. . . . I think there are probably lots of changes we have made as a result of performance funding. [For example, it] became apparent in our surveys and our analyses that were required by performance funding that these were some things that students [had not experienced on our campus]. We created an ad hoc committee then to focus . . . and see how we could provide more diverse . . . activities. . . . [We] have seen improving comments on that. We’ve seen changes in our registration process where people were saying they were not getting accurate information. So we got busy to see how do we streamline and improve the registration process.”

Participant 11: “We always have it in the back of our mind when we put a program together for a concentration for an existing program, or a new program. . . . Is there going to be adequate amount of measurement? Transfer success? . . . For example, with the Paralegal Studies Program, which is a self-contained A.A.S. degree program, when we set goals for the program in terms of placement, . . . we had to do that within the umbrella of Performance Funding.”

Most participants believed that although the data had the potential to be useful; it simply is not being used in day-to-day operations of the college. The following participants stated this point of view.

Participant 2: “I don’t think performance funding influences our department much at all.”

Participant 12: “I don’t believe it has that much of an affect at this institution, at least not that I can see as a division dean.”

Participant 20: “It is available, but as far as . . . tying back to decisions in the department, it has not been.”

Participant 18: “It may be having a small effect. . . . For instance, graduation rates, which is one instrument that is measured, . . . we have made a concerted effort to do a better job in tracking our graduates upon their completion of their degree and which areas they go in to. . . . It is sometimes difficult to take those measures and put them into the day-to-day sort of things. Again, we kind of look at Performance Funding sometimes as . . . knowing that we need to do things to make sure that we do a good job, but it is kind of difficult sometimes to integrate.”

Several participants took their answers further to express why they did not think the data were being used. Some expressed discontent with the lack of information that they receive back or the lack of instruction in how to use it.

Participant 3: "I think that the information that it is requiring campuses to capture is good information. I think where the breakdown is is either campuses are not using it or we do not know how to use it."

Participant 11: "Some of the improvements might be internal. Here at Vol. State, if we could get more data on a regular basis that would help us assess Performance Funding from our standpoint."

Participant 16: "When we see that . . . our students have not done as well on their alumni exit interviews for the state, . . . we look at our curriculum to see if there is something that we need to do to make [changes]. . . . [However,] I am not always given the information."

One faculty member stated that the simple reason that the data are not used is because they do not have to be. This participant's comment follows:

Participant 22: "We don't have to use it. Once we get the numbers, and once we get the funding, we don't really have to do anything with it."

This problem may be corrected with the new standards in the current performance funding cycle that recommend 10 points for showing how the data generated by the campus are used.

Another participant suggested a possible solution to using the data in each division would be to allow some release time to understand how to use the data they receive from their performance funding reports.

Participant 9: "I have thought of late that almost every academic unit needs to have a data cruncher person within its own confines, who has a reduced teaching load or other responsibility just so this person in this unit can participate in the planning and data gathering activities and the documentation and interpretation."

After reviewing several interoffice memorandums between the institutional effectiveness department and academic affairs, the researcher was reassured that the data are being used to some extent on the campus. One executive administrator mentioned earlier that as a response to performance funding results from an alumni survey, the college had made attempts to increase awareness of and the number of cultural events on campus. The participant mentioned that an ad hoc committee was formed to address such issues. Upon review of documents, the researcher found reference made to such a committee and to ways to address the problem. Other administrative committees were also formed to deal with certain issues identified on surveys.

Limitations of the Data

Another emerging issue with the data generated from performance funding concerns the data's limitations. Many participants commented that the data were simply too limited to be helpful in the classrooms or even for the college at large. Therefore, planning and decision-making cannot clearly look to these data for answers. Their comments follow:

Participant 12: "Performance funding doesn't tell me much about how my division is doing, let alone individual departments. Even as the dean of a large academic unit . . . , I don't get a lot of information from performance funding that is helpful in my daily work. . . . The Enrolled Student/Alumni Survey, similarly, is too general to give much direction to most individual units. . . . The data could be useful as a general indicator, but it needs to be followed up on better."

Participant 15: "We need the most work on definition . . . what should we have as our definition of retention? . . . Here are the three definitions of retention that we use . . . the one we use for Performance Funding and the R&D definition and the IPEDS definition. What do we really mean by retention? . . . Is it just grades? . . . Is it how many start and how many withdraw? . . . This is a community college. What about the ones that we are not looking at [like] . . . the 710-715 transfer students that we are going to have this semester that never get including in the retention from last year? The first time, full-time folks, even though we may say that they represent a good sample and they represent the

entire group. That is not true, they don't, and we never look at the others. So, it misses the boat there. . . . It is not that you don't trust the data, it's just that you know how limited the data are and so you can't use it for much."

The limitations in the data gathered are a direct reflection of the measurements used to gather such data. Measurements are the topic of the next theme that emerged concerning problems with data gathered from performance funding.

Performance Funding Measurements: Reflection of Quality?

A majority of the interviewees further expressed dissatisfaction with some of the measurements in the performance funding policy, specifically the general education exam. This measurement of academic quality does not seem to be valid to instructors or students. They complained that they are unable to link the questions asked on the exam to what they are trying to teach in the classroom because they have no idea what will be asked. Faculty and administrative faculty want more input on the decisions concerning these measurements. These complaints are aired as follows:

Participant 2: "I don't know that in our department . . . that we ever look at those exit exams to see how the writing has improved or how the reading has improved, or how the knowledge has improved. . . . I don't know what is on that test. Maybe we are teaching what should be assessed, but I think that is because it is coming from the roots up rather than knowing what is expected and coming back down."

Participant 9: "We haven't had a truly wonderful graduation exam that I have seen in some period of time. For a decade or more, we used an exam called the ACT Comp. . . . I never did figure out how it measured anything that I had ever learned in a classroom. . . . In other words, there was not any way to project or to plan how to improve."

Participant 12: "The general education exam may give an indication of how the institution as a whole is educating its students, but it doesn't tell faculty in particular departments how they are doing."

Participant 4: "A weakness would be how do you measure general education. . . . I think a lot of people . . . what they . . . look for is an instrument where we can score well, not necessarily an instrument that really measures general education. . . That's a real sticky

point to get out of just structuring your curriculum to match the test so that your students will perform well.”

Two other faculty members commented that the measurements as they stood now simply could not capture the quality in the classroom. Their comments follow:

Participant 2: “[With] retention, we only measure the graduates. We have not really measured the impact of an institution. . . . A two year degree that takes seven years to get has probably been more change in that student’s life than the student who gets the two year degree in two years. . . . And by only giving the general education exams to the graduates, we are really missing a lot of impact that the institution can make.”

Participant 13: “If we can define exactly what the Performance we want our community college to do or any institutions to do. . . . What the Performance Funding should be based on? Whether or not my students score 50% above the state mean, doesn’t really mean anything. But are the people that hire our students satisfied with the quality of work that our graduates do? Were they prepared to do what they were to do? To me, that is a much better indicator than is a test score.”

Performance funding measures have been an issue from the origination of the policy in the late 1970s. The discontentment found on this campus only validates the debates that have been ongoing over the years about assessment in higher education.

Another debatable issue has been who should be the one to evaluate the colleges. In the next section, this point is the topic of discussion for the final problem found with the data that was generated.

Internal Evaluators and Ethics

Performance funding was designed for campuses to show accountability to the public through self-evaluation and reporting. However, through the years, this method of self-evaluation coupled with all of the other problems mentioned above, has caused the college to question their performance funding measures and results. One administrative faculty suggests this point below:

Participant 7: “Sometimes you’re allowed to stand too close to the bucket. . . . I think there may be too much safety in some of those numbers. . . . I can develop a test and everybody is going to make an ‘A’ on it. Or I can develop a test that has a bell curve, and I think that sometimes this test is a little bit too easy. What does it really mean then?”

Two faculty members suggested that external evaluators might go a long way toward adding validity to the performance funding reports and strengthening the college’s accountability. Their comments follow below:

Participant 18: “When I look at Performance Funding and almost all of the TBR institutions have between 89 and 100, how valid a measure is that really? . . . It could be modified in that an external agency . . . could actually look at the data from each institution and do a true assessment about have they really achieved 100% of this or 90% of this.”

Participant 2: “You have to have a standard against which to measure and if that standard is only your own standard? I do believe, . . . that independents [should] come on campus and make observations. . . . But we need some way to have an evaluation system that is impartial, non-biased and can make recommendations without it being threatened. There is a wealth of experience and knowledge that is not being used in this state. . . . You have retired faculty, who have expertise, who . . . might be willing to form observation teams just to go on campuses.”

Internal validity in the numbers is worth discussing, but it is also unsettling to give up on the notion that colleges can evaluate themselves. The next theme that emerged moves away from the issues of data to discuss the conflict in all the different planning efforts on the campus.

Tying Policy to Strategic Plans and Institutional Effectiveness

Most interviewees believed that the majority of the data generated from performance funding could be useful, although some people see it as redundant with what they do with accreditation, institutional effectiveness, strategic planning, etc.

Participant 9: “Increasing enrollment has nothing whatsoever to do with performance except that if you have too many students pretty soon you will be unable to serve them. So, we have not worked diligently to tie our Performance Funding to our strategic goals. .

. . . It does need to be tied more closely to the strategic goals of the educational program of the state or states.”

Participant 6: “There are two things going on. You are going through institutional effectiveness, and you are going through Performance Funding. People see these as separate entities. I wish there were a way to get people to see this as one. Instead of labeling all these different things, like Performance Funding, Strategic Plan, Institutional Effectiveness, if there was some way to just tie it all into one big picture, I think it would be easier for everybody to understand. . . . We need to stop talking about all of these individual things and just talk about planning.”

Many participants claimed that streamlining some of these processes would be beneficial.

Stated Strengths of the Policy Versus Discontinuance

Interestingly, out of the twenty-three interviews conducted on the campus and all of the problems and issues that have been discussed as a result, only two interviewees expressed enough dissatisfaction with the policy to consider discontinuing it. The following two participants answered as follows when they were asked if they believed or had ever considered whether the policy should be discontinued:

Participant 7: “Yes. It is not the policy. . . . Anything that we can do to make us more accountable, we ought to do. Hooking a few hundred thousand dollars onto it and then letting the schools pick what they are going to rank themselves on is a joke.”

Participant 18: “Yes, I have. . . . I haven’t seen a school that has ever ranked below 87% or something like that. Is that to say that every TBR institution is that superior in all the areas, which are measured? . . . Sometimes . . . you wonder . . . are we getting back from it what we are putting into it. Would it be better to simply increase every institutions funding by that amount?”

This finding seems particularly strange in light of the discontentment found with the policy. However, it appeared that the majority of participants were unwilling to let go of the policy for two reasons. One reason for their reluctance to abandon the policy was the money that is attached to it. Another reason was that the majority of interviewees from all levels agreed with the intent of the policy. The majority of them seemed to find

a consensus that the idea of financial reward for quality work and the opportunity for self-evaluation was a worthwhile concept that should not be totally abandoned. The following participants expressed their agreement with the purpose of performance funding in the following statements:

Participant 1: "Giving us an opportunity for self-evaluation and to help us be self-critical in examining our strengths and weaknesses and having as an incentive when we do well, extra funding. That would be the best motivation."

Participant 17: "I think the biggest strength is that it rewards good work. You set your goals, and if you meet your goals and accomplishments, you are rewarded for that."

Participant 9: "I think, philosophically, the idea is wonderful. Try to do better and reward those who demonstrate that they are."

Other participants heralded the importance of accountability, which was one of the primary purposes behind the performance funding policy. Their comments follow:

Participant 3: "It does force institutions to look at themselves. . . . It presents the information to the institution as well as in some instances to the public. . . . We are accountable to the people we serve. As long as we get state dollars, we need to realize we are accountable."

Participant 7 "[I believe its strength is] accountability and emphasis on being accountable, which I think we all need, especially higher education in Tennessee. We have gone for so many years and not felt that we have to be accountable for anything."

The ideas of reward for quality and self-accountability behind the policy are not the only pieces of the policy that these participants agreed with. Despite their dissatisfaction with some of the procedures in the policy, they seemed to express pride in being a part of a state that was in the front-end of the assessment arena. Two participants stated this point well as follows:

Participant 3: "I have always felt that Tennessee . . . has been in the front end of the assessment arena because of performance funding. For example, when student right-to-

know came out, . . . which is a federal requirement where you track your graduates, we had been doing that for a number of years because of performance funding. That did help Tennesseans to be ahead of the game where we could really . . . provide better information and critique what they were proposing probably better than some other states.”

Participant 11: “I don’t know that I can say there is a lot of weakness in a system that is rather unique and is now being looked at by other states as legislatures and the public to look at—how we measure the effectiveness of institutions. . . . It has been evolutionary, somewhat revolutionary, but it has been evolutionary.”

As a result, although the majority of interviewees expressed at least some dissatisfaction with the policy, they were unwilling to give up on its ideas.

Findings Concerning the Future of Performance Funding at Volunteer State

Several interviewees indicated discontent with the way that the policy has been administered on this campus. However, with the appointment of a new institutional effectiveness vice president, several participants indicated hopefulness for change in the way the policy is handled. This expectation is expressed in the following words by several participants:

Participant 16: [The] attitude on this campus [that] we will let the faculty do their thing and other group of administration will make the decisions . . . is changing now because we have a new person in Institutional Effectiveness who is realizing that everybody needs to be informed and everybody is part of the concept. The decision can’t be made in another building and handed out to us.

Participant 12: “Performance funding seems to me to be largely about assessment, and if upper administration takes assessment seriously, those downstream will as well. If they don’t, neither will anyone else. This institution is going through a significant change. We are trying to establish a viable, productive Institutional Effectiveness process that includes planning, assessment and follow through at all levels of the institution. Performance funding is part of that planning/assessment/follow-through cycle.”

Participant 9: “Planning at this institution has been concentrated in the hands of such a small number of individuals . . . what we are doing now as a consequence of our recent

study of ourselves, is to bring planning down to a much lower level. So, that we can all claim to have some contribution to what goes on in our lives here at the institution.”

Some of these changes in asking for faculty input were visible on the campus during my visit. For example, the day following my last visit, a meeting was to be held with several faculty to get their input on choosing the general education assessment. Jane McGuire, who now holds the new Vice President of Institutional Effectiveness position, has a very different philosophy concerning how the policy should be handled. She explains that she wants the campus to be more involved with the decisions that are made and to really understand it. She hopes to make a difference in the policy’s perceptions by following these steps:

- Forming teams composed of faculty and administrative faculty with Executive Council as team leaders.
- Hosting retreats to try to inform the institution of the purpose of performance funding. These will be 3 mini-retreats. One for administration/professional, one for faculty and one for support staff.
- Pushing some decisions down to the administrative faculty and faculty. These decisions include input on the general education exam. She does not feel that this is her decision to make. People are less likely to buy into decisions that they did not help to make.
- Allowing advisory committees to help determine things such as professional development activities and marketing plans.

She believes that “if we are doing our business and doing it right, the points will come.”

Summary of Findings

Through the perspectives of twenty-three participants, the researcher was able to gain insight into their experience with the performance funding policy on the Volunteer State Community College campus. Several themes emerged through patterns found in these respondent's comments. The themes included minimal communication of the policy among levels of employment, problems with the money incentive, problems with the data collected, problems with tying the policy to other planning cycles, and strengths of the policy. Other perspectives were also given concerning the future of the policy on this campus.

In the next chapter, the researcher will summarize this study and draw some conclusions based on these themes. She will also make recommendations concerning the future of performance funding based on her findings, and she will state topics for future research studies based on results found in this study.

CHAPTER 5: SUMMARY, FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

Summary of Study

In an environment of calls for accountability of higher education, Tennessee pioneered the initiative to develop a plan to meet the standards of quality assurance through a policy for accountability, the performance funding policy. The purpose of Tennessee's performance funding policy was "to promote and reward improvement of performance in its public colleges and universities" (Bogue and Brown, 1982, p. 123). Bogue and Brown (1982, p. 126) maintained that the performance funding policy "renews the dedication of professionals to their work, promotes integrity of educational standards, and protects diversity." It also "provides the state with a model for change—a model that takes into account the inevitability of risk, the discomforting by essential contribution of dissent, and the considerable power of a government and its constituents working together on an issue of common concern." The Tennessee performance funding policy is the longest standing policy of its kind, and it has been in existence for 20 years.

The purpose of this study was to examine the experience a single community college in Middle Tennessee has had with the performance funding policy. The experience of the performance funding policy was examined through a case study that incorporated the use of interviews, document analysis, and observations to discover whether the policy has had any effect on the institution according to both the perceptions of those who have implemented the policy and the evidence that exists to support those perceptions. The case study's use of thick description of a program was useful in

informing stakeholders about what is perceived to be happening in a program (Worthen, Sanders & Fitzpatrick, 1997).

Twenty-three participants from the President of Volunteer State and other executive administrators to several faculty members were asked to respond to seven interview questions asked during on-site interviews scheduled with the participants. The responses in these interviews provided the majority of the data for this study. Documents were also gathered for analysis, but document availability was limited due to faculty turnover in the institutional effectiveness department. However, some documents such as the latest strategic plan, several more current performance funding reports, and several interoffice memoranda were reviewed and were helpful in corroborating some of the statements made by participants.

Discussion of Findings and Recommendations

As a result of interviews with executive administration, administration/faculty, and faculty, the many experiences with the policy on this campus have surfaced. Overall, the campus participants believe that the idea and the intent of the policy are noteworthy. In fact, only two out of twenty-three interviewees believe the policy should be discontinued. This finding indicates a strong interest in what the policy attempts to accomplish. However, the actual implementation of this policy, like so many others, is where problems and discontentment surface. In the next few pages, the study's emerging themes that influence the experience of performance funding at Volunteer State are discussed.

Emerging Themes

Several themes emerged from the case study conducted at Volunteer State Community College. These themes include a change in perspectives of the policy over time, a difference in perspectives of the policy due to minimal communication of the policy, problems associated with the financial incentive in the policy, problems associated with the data generated for the policy, and problems in tying the policy to institution and state strategic goals.

Changes in Perspectives of the Policy over Time

The first theme that arose from this study was a change in the campus's attitude toward the policy over time. Many of the participants in this study indicated that the enthusiasm for the policy is not there as it was in the beginning. Although the majority of the interviewees believed that the idea behind the policy is good, very few are excited about its implementation on their campus. Their loss of enthusiasm is the result of a culmination of problems that have arisen with the implementation of the policy. One of these problems is the fact that most faculty are simply unaware of the policy due to low communication of the policy from executive administration to lower levels. The remaining themes shed further light on how and why the perspective of this policy has changed over time.

Differences in Perspectives of the Policy Due to Minimal Communication

A second theme that emerged was the different perceptions of the policy based on the level of employment in the college. Due in part to minimal communication, executive administration and faculty express a difference in optimism toward the policy concerning whether it is causing a constructive improvement on the campus. Many of

the executive administrators seemed more content with the policy than other levels of employment in the college. Some of these executive administrators appear to preside over the policy rather than to ensure that the policy permeates through all levels of the college. Many of them believed that the data generated by the policy is useful, and some of them could point to examples of how the data are being used in campus decisions.

However, only a few executive administrators shared the majority view of administrative faculty and faculty that there is a dire need for everyone to understand the policy for it to work as it was intended. They did not believe that the policy makes much difference on the campus concerning quality improvement because faculty, those that should be involved with the policy, are not even aware of it to any extent.

Several faculty confirmed that they were not aware of the details of the policy nor were they ever asked to be involved in any manner. The only element of the policy these participants knew anything about was the push from executive administrators for more points and money—money, that few of the divisions ever see according to many of the respondents.

Administrators and faculty alike felt that quality improvement can only occur when the “worker bees” buy into it and the campus “takes it to heart.” They felt that the data are too limited to be very useful and are not being used much in decision-making. They felt measurements could be improved through faculty involvement because they are the ones who are actually in the classroom, and therefore, they should be able to define measures of quality improvement in their classroom.

Those executive administrators who would rather preside over the policy view excelling at the policy as being equivalent to getting more points and money. In some

ways, this outlook on the policy is very understandable. When the policy was first developed, the money was truly a reward for a quality education. However, Tennessee higher education is now in a time of dire financial straits. These administrators see it as their purpose to get the funding for their college in any way necessary for survival of the college. However, the fact that some of these administrators seem preoccupied with funding should not insinuate that they do not care about quality either.

Through the interviews, one gathers that these administrators truly believe that quality is already present on their campus. Therefore, they do not feel the need to dig deep and make everyone understand the intricate details of a complicated policy. Instead, they want their personnel to continue doing their jobs with the quality that they are expected to put forth. They believe that, as executive administrators, their jobs are to get the points and the money in the most efficient way possible for the survival of the college. They can make the decisions quickly and without a lot of faculty input. This efficiency, they believe, also makes the faculty happy because they are not bothered with additional administrative duties.

The problem with this stance is that the quality may or may not be there, and these administrators are not using the policy to do what it is intended to do. They are not digging down into the campus to see that weak areas in academe are reported and then improved. They also do not seem to understand that some faculty do want to be involved in such decisions, as was made evident in their comments.

However, even if the executive administrators who preside over the policy are convinced that communication must become common with concern to the policy, a battle will still exist in getting faculty to find time to actually attend such meetings. It is easy

for faculty to say they want to be involved, but it is a different story when they actually have to juggle their classroom time, preparation and advising with administrative duties such as performance funding.

This policy is nothing but a “paper exercise” if administration does not ask or get faculty to buy into this policy and to see that it is their responsibility not only to put quality into their classroom preparation, but to communicate their quality improvement efforts with others. If administrators will go to the trouble of getting faculty involved, a true picture reflecting the quality on the campus might ensue.

This administration will also have to be patient with the debates that will occur once the discussions are opened up to faculty again. One participant noted that when he had tried to educate faculty members about the policy in the past, he had only met with much frustration from faculty who did not understand why the college would want to use measurements that put caps on them. However, only with the more input, can problems such as those stated above be solved.

Albright (1997, p. 23) states that “the ultimate test [concerning the success of performance funding] is whether those on the front lines of higher education embrace performance funding and use it to make a positive difference.” Faculty must be made to realize the importance of their outlook to the overall outcomes of education. Bogue and Saunders (1992, p. xiv) state that quality will not emerge unless “conversations breach departmental barriers and link all partners in common commitment.” They continue by stating that “an effective quality assurance program will have faculty talking to one another across departments, colleges, and campuses much more than in the past” (Bogue & Saunders, 1992, p. xiv).

The importance of faculty involvement is crucial due to the amount of contact they have with the students. Students are in fact the customers of higher education, and faculty have the most contact with these students. The president of Scandinavian Airlines (SAS) indicates the importance of this frontline relationship with customers. He states “if you ask our customers about SAS, they won’t tell you about our planes or our offices or the way we finance our capital investments. Instead, they talk about their experiences with the people of SAS” (Carlzon, 1987, p. 2). This analogy is crucial for both administrators and faculty to understand.

The lack of communication of the policy on this campus is even more interesting in light of a study conducted by Morrison (1995) for United Kingdom Higher Education. His study identified several key lessons that his country could learn based on Tennessee’s performance funding policy. His study found that a partnership plan where institutions are involved in all stages helps to build a teamwork environment. He found that pilot testing, initial dissemination, ongoing dialogue and a balance of political and educational interests encourage institutions to take ownership of the policy and to see its legitimacy. Based on both this study and Morrison’s study, more faculty involvement in the policy decisions from levels other than executive administration might go a long way toward helping the campus to truly embrace the quality improvement aspect of this policy. Several other reasons for disillusionment of the policy exist in the remaining themes that are discussed below.

Problems Associated with the Funding Incentive in the Policy

A third emerging theme revealed problems associated with the incentive of additional funding from the policy. Some participants indicated that the policy has

simply become a means to get more funding rather than a true emphasis on quality improvement. Others stated that the link between the policy and money inhibits the college from taking on challenging goals and that it also keeps the college from focusing on some potential weaknesses that are not measured by the policy. Still other participants indicate ethical problems that result due to the money incentive in this policy. Finally, some express much dissatisfaction with the allocation of performance funding dollars that the college earns. Each of these themes is discussed in detail below.

Administrative focus on points rather than quality improvement.

The link between the policy and additional funding is the only element of the policy that the majority of faculty indicated that they know about the policy. Moreover, money is the only strength that some can find in the policy. Financial problems in Tennessee make the policy more about money than quality improvement. The campus is in such dire straits for funding that it cannot afford to do badly on performance funding. Therefore, the emphasis of the policy, which is heralded by executive administration, becomes more about getting the points rather than on actually working to improve the quality of the campus. Until the financial conditions of higher education in Tennessee change, this finding is not likely to change. One campus administrator expressed that the college depends on performance funding dollars to keep its doors open. As a result, the money incentive tied to the policy becomes a matter of survival and holds the emphasis of it.

Inhibits challenging goals.

The financial condition of higher education in Tennessee causes further problems with the way the policy is implemented. The link between the policy and funding inhibits

the campus from setting challenging goals. In an environment of financial strain, the campus depends on the additional funding it receives from this policy. As a result, it is never going to challenge itself to the extent where its points might not be attainable. As a result, the goals it sets and reaches might not be all that noteworthy, and the integrity of what is being measured is damaged.

Ethical considerations.

Ethical issues are brought into debate as a result of the two previous themes. Because the college will not set worthwhile goals due to the fear of losing funding, the goals they do set and reach do not mean as much. Moreover, to ensure the campus obtains the funding from the policy, they have found ways to get around the numbers. For example, it is much easier to show gains in department test scores by diluting the tests than by changing the curriculum. Unfortunately, the implications from these findings are that the policy has actually helped to decrease the integrity of the campus to some extent rather than to increase it.

Draws attention away from weaknesses.

Another problem similar to the one discussed above is that tying funding to certain measures required for performance funding draws attention away from some other weaknesses the college might have and should probably pay attention to. Because investigation into these areas does not add to the campus's bottom line through performance funding, these areas remain untouched and are allowed to fester. As a result, money further complicates the implementation of the policy.

Allocation of performance funding dollars.

A final dissatisfaction with the money incentive in the policy dealt with the distribution of it. Even though the original intent of letting performance funding money go to a general fund in the college was supposed to be an extra incentive, many faculty and administrative faculty stated that their divisions never see the financial reward for the data that they generate for performance funding. Again, part of the reason they do not see any reward is because executive administration needs to use the money just to make ends meet. At this point in time for Tennessee higher education, the performance funding policy does not really contribute a surplus to the college that will allow it to reward specific divisions for their efforts.

Many participants indicate frustration with this aspect of the policy. Perhaps the college should account, at least to their own employees, for how the extra funding is used. The faculty might really see it as more of an incentive then, and it could belong to them more than just the top administration.

The previous themes concerning the financial incentive in the policy point to a basic flaw in the policy's implementation, especially in times of economic constraints. In the past decade, Tennessee has been flat with concern to funding for higher education. The money tied to the policy is no longer a simple incentive, but it is rather a necessity. As a result, the emphasis on the policy becomes about getting the money rather than focusing on quality improvement, which was the true intent of the policy.

Problems Associated with Data Generated for the Policy

A fourth theme expressed problems associated with the data generated from the performance funding policy. Several participants suggested that the data gathered are

worthwhile, but the problem is that they are never used. On the other hand, some suggested that the data are too limited to really be useful anyway. Others express frustration with the measurements themselves. Still others did not believe that the data really prove anything for the college's accountability because the data are all internally generated and evaluated. These participants proposed that the data would be more valid if external evaluators were used to gather the data for the policy. These issues concerning problems with the data collected are discussed below.

Use of data.

Many participants state that the data could be useful, but that the data are not used in day-to-day operations of the college. The researcher believes that this fact is due to the wrong emphasis that has been placed on the policy. Because the senior management's emphasis is on money rather than quality improvement, the decisions are more expediently made from the top-down rather than allowing room for debate and input.

After reviewing several interoffice memorandums between the institutional effectiveness department and academic affairs, this study found that the data is being used to some extent on the campus. For example, a committee formation for cultural awareness—referenced by one participant—was indeed a result of an alumni survey that reflected a problem in that area. Other administrative committees were also formed to deal with certain issues identified on surveys. However, below the executive administrative level, there is no use of this data in such decisions as curriculum choices or classroom improvements.

The data that is generated from performance funding should be reflected in curriculum choices and plans to some extent, but according to faculty responses, this

action is not occurring. A recent change in the performance funding standards—the addition of the assessment implementation standard worth ten points to both universities and two-year colleges—requests that campuses show how the data they have collected has been used in decisions on the campus. The intent behind this standard is noble and necessary. Hopefully, the new standard will be closely monitored and will be a motivator for executive administration to make sure that lower levels of the institution understand the importance of the policy. Executive administration should also give some guidance and support as to how to use this data effectively. They might also consider giving release time if necessary as one participant suggested. The uses of the data need to be real, planned and known throughout the campus.

Limitations of data.

Several participants believed that the major problem with the data generated from the performance funding policy is that the data simply are not specific enough. Opening the policy up for more discussion and debate on campuses should help to improve this problem. Open discussion of appropriate definitions for measurements and informative survey questions that could actually help faculty make decisions for their classrooms could then be implemented.

Performance funding measurements: Reflection of quality?

Several participants pointed out dissatisfaction with some of the measurements in the performance funding policy, specifically, the general education exam. Many participants believed that taking an arbitrary test that no one agrees on and that the students do not take seriously is a waste of time and is not a good indicator to determine whether a campus is a quality institution. Increased faculty input could lead to better

measurements of what would actually reflect the quality that is being infused into their classrooms.

For example, one participant offered a noteworthy suggestion, which concerned the evaluation of academic advising on campuses and how that relates to retention. This participant truly believed that retention is just as much a function of the advice a student is given as the grades that he or she makes in a classroom. Another participant suggested that the college should ask employers how well its graduating students are prepared for their jobs. These suggestions imply that the ideas are out there in the other levels of the colleges where policy makers have stopped looking.

Internal evaluators and ethics.

Several participants suggested that the scores from the data are given less weight due to the fact that the evaluators are from within the campus. They felt that the policy could have a much greater impact if the campus used external evaluators to score it. One even suggested a source of such evaluators in Tennessee's environment of financial strain. This participant suggested that retired educators could add a wealth of experience and knowledge to campuses in evaluating their quality improvement measures.

A potential problem with this finding is that one of the policy's strengths was that the policy would let the college evaluate itself and compete against itself. Without the money incentive, this goal might come closer to becoming a reality. However, colleges would still want to record the highest scores possible. Much debate needs to be given to how to get college campuses to truly identify their weaknesses through assessment, and then how to truly address and improve these weak areas. Honesty and integrity needs to be built back into these processes.

Tying Policy to Institution Goals and State Goals

Another theme of the study illustrated a conflict between performance funding goals and the other institutional and state strategic goals the college must meet. The new cycle of performance funding standards has attempted to address some of these issues by coordinating the timing of the performance funding and strategic planning cycles. Other improvements could also be made in the policy by coordinating some of the efforts between accreditation and the performance funding policy. Many participants indicate frustration with some of the redundancy of their reporting.

Coordinating the different items required in performance funding with budgeting and strategic planning could go a long way toward improving the amount of faculty input into the performance funding policy. If faculty could see all of these planning efforts as one instead of several disjointed efforts, they might be more willing to embrace them.

Stated Strengths of the Policy Versus Discontinuance

Ironically, even though the majority of participants expressed dissatisfaction with the performance funding policy with concern to the money, the measurements, or its communication, only two of the twenty-three participants indicated that the policy should be discontinued. This contradictory finding is not as puzzling when one looks at it in light of the strengths that the participants find in the policy.

To begin with, they agree with the idea that a policy will financially reward a college's performance for showing that it is producing quality work. They like the idea of holding themselves accountable through self-evaluation rather than state legislatures mandating accountability policies for them. These ideas are noble and worthy of working towards in the education arena, and educators are not willing to let go of them.

Conclusions

The overall impression of performance funding on this campus is that the theory behind the policy is very sound. The majority of perspectives on this campus seem to agree that the college should be held accountable in some way, and they also agree that the college needs the funding that the policy provides. Overall, the policy is visible on the campus in some form even if it is just the buzzword that faculty hear in relation to its importance for points and enhanced funding.

However, dissatisfaction surfaces with the implementation of the policy. Many participants believe that only administrators truly understand the policy. This problem could be attributed to the complicated nature of the policy as it now stands. Moreover, senior management may not understand that the true intent of the policy is not just to gather data for enhanced funding. The true intent of this policy is to reflect quality improvement in the classroom. This task seems impossible to accomplish, however, if the faculty are kept in the dark about the purpose of the policy beyond points and funding. Many faculty expressed their interest in having more input into the policy. They should be consulted for possible measurements to indicate academic quality that top administration in the state has failed to find. The quality may be in their classrooms already; however, administrators are not asking faculty to reflect on how they infuse quality into their classroom teaching.

Additionally, the financial incentive causes many problems in its own right. The emphasis on the policy needs to be more concerned with truly improving quality on campus without playing a numbers game. However, this problem is inherent in a policy such as this one that offers additional funding. Some people expressed that the money

should be removed as an incentive all the way around because the campus should be doing these things anyway. Several mentioned that the policy does not cause the campus to challenge itself because the money is involved, which means no one wants to stick their neck out too far. Others feel more money should be added to it, and that the standards should be made tougher so that it would really hurt if certain standards are not met. Many deans and faculty state that they do not understand how the funding is a benefit to them when their departments never see any additional funds as a result of their work with the policy. The intent of allowing funds to be generally allocated seems to have outlived its usefulness. Departments want to see results where they live and breathe. The majority of these findings imply that the money incentive is not necessarily the most appropriate motivator for this policy to accomplish the purpose of performance funding.

Moreover, enormous data are collected for performance funding, but faculty claim that the data are never used in day-to-day operations. Many participants complain about the limitations of the measurements because the data do not have standardized definitions among colleges in Tennessee. Several participants were also unhappy with the measurements chosen to reflect the quality in their classrooms. Several of these problems with the data can only be improved if more communication is emphasized between THEC, executive administration and faculty. When better measurements are found through faculty input and results are better communicated from executive administration, the purpose of the policy might be carried out.

Recommendations for Future Research

This research project revealed a plethora of additional studies that could be worthwhile. The following research studies and questions are worthy of further inquiry:

- A quantitative or qualitative study would be appropriate to help determine what effect management style has on the performance funding policy experience on campuses in Tennessee.
- A follow-up study after the next performance funding cycle to determine if the standard requiring campuses to use data collected from performance funding is making a difference on campuses.
- A study to find other possible incentives to campuses other than funding that might reduce the manipulation and abuse of the policy.
- A study to determine how the use of external evaluators would effect the implementation of the policy.
- A study to focus simply on suggestions that faculty have across the state concerning standards that would more closely indicate quality of teaching and learning in the classroom.
- A study concerning faculty awareness of the performance policy across the state.

Final Comments and Recommendations for Policy Revisions

Exactly what has performance funding accomplished at the campus level?

Albright (1997, p. 23) states that “to the extent that performance funding encourages campuses to undertake student assessment initiatives or provides information to improve institutions, then such systems must be judged effective.” According to Banta et al. (1996, p. 40), “Tennessee’s performance-funding policy is responsible for a number of

positive outcomes on campuses throughout the state.” They state that now “most institutions have undertaken student assessment initiatives that probably would never have been implemented in the absence of the external stimulus of performance funding” (Banta et al., 1996, p. 40).

As for accountability, Tennessee’s performance funding is asking higher education institutions to measure items that it did not measure before. As a result, the state can put its hands on data that many other states without such a policy cannot. Although several interviewees expressed negative feelings concerning the policy’s implementation, they are also proud to be in a state that has a policy with such a noble intent and purpose. They are proud to be on the forefront of the assessment arena in the nation. Some interviewees even state that the policy should be heralded more throughout the state, especially as other states are just now thinking about implementing such a policy.

However, as far as quality improvement is concerned, the performance funding policy still has a lot of room for improvement. This improvement could be made at both the campus level and at the THEC level. At the campus level, the minimal communication of the policy is in desperate need of reform if the policy is ever going to work as it was intended to. Faculty do not have enough of a role in the policy to be able to believe enough in it or to be able to use it to make a difference in their classrooms. Although quality may already be present in this institution, the performance funding policy does not seem to be driving it or reflecting it accurately. Faculty want to be a part of the project, but they are not being asked. If administrators are more aware of the need

for faculty input in this policy, maybe they will be more inclined to share their information with their faculty and be open to more suggestions from them.

THEC and key executives in campuses across the state should also take note of the findings of this study concerning the true experience of the performance funding at the campus level. Although THEC has added a standard in the latest cycle that requires campuses to show how they are using the data that they generate, the standard needs to be emphasized much more. If the data are not going to be used, then what is the point in making such great efforts to gather them?

THEC should also be more open to involvement from faculty and administrators when making decisions concerning standards and measurements. If the measurements are given more consideration and input from faculty, the policy can be improved and work as it was intended to for quality improvement. The faculty and administrators who design the measurements for their campus will then have to take ownership of them as to whether they are useful in improving quality in their classrooms or not. Faculty and administration will no longer be able to blame insufficient standards or measurements on THEC if they have a part in their development.

Both THEC and campus administrators need to realize the importance of the findings of this study. If faculty are allowed to be involved, some decisions might not get made as quickly or efficiently, but the state might find that it can be revolutionary once again in gathering new and fresh ideas on measuring quality from those who are actually imparting the knowledge and life's lessons to the students in the classroom.

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APPENDICES

Appendix A

<<Date>>

«Title» «FirstName» «LastName»
 «JobTitle» «Company»
 «Address1»
 «City», «State» «PostalCode»

Dear «Title» «LastName»:

Twenty years ago the state of Tennessee implemented a project that was the first of its kind – the Performance Funding Project. Since that time, the performance funding policy in the state has been modified, but has maintained its status as the longest running policy of its kind, even held as an example for many other states considering a similar policy.

As a doctoral student in higher education at the University of Tennessee, I am interested in the effect that this policy has had at the campus level, specifically the University of Tennessee, Knoxville. As a part of my research, I am conducting a limited number of interviews with past and present administrative and academic personnel of the institution in order to assist me in establishing a twenty-year historical perspective of the policy's impact on the UTK campus. By participating in this study, you can be of great assistance to me in this endeavor.

I am requesting that you agree to participate in this study by completing the enclosed Informed Consent Form and returning it in the postage-paid envelope provided (the second copy is for your use) as soon as possible. Once I receive the completed form, I will be contacting you by phone to schedule the interview at your convenience. Your interview responses will be held confidential.

Participation in the study is voluntary. If at any time you wish to cancel your participation, you may do so without penalty by contacting me. If you have any questions regarding the research, I can be reached at (423) 318-2741 (work). The University of Tennessee's Institutional Review Board can also be reached at (423) 974-3466.

I hope you will agree to participate in this research.

Sincerely,

Michelle S. Freeman
 Candidate for Ed.D
 University of Tennessee, Knoxville

Dr. E. Grady Bogue
 Professor, Leadership & Policy Studies
 University of Tennessee, Knoxville

Appendix B

Interview Guide

Thank you for agreeing to talk with me today about performance funding at Vol State Community College. I would like to tape this interview. May I have your permission to do so?

- 1) Describe your experience with performance funding on your campus?

Probe: Give me an example of an activity you have been involved in that was directly impacted by performance funding. What impression do you have concerning the experience of Performance Funding in Higher Education at Vol State?

Probe: In your opinion, is the policy of performance funding promoting constructive change or improvement at the campus level of a community college in middle Tennessee?

- 2) To what extent, if any, is Tennessee's Performance Funding influencing decision making?

Probe: Give me an example of a process, policy, or decision affected by performance funding.

- 3) In your opinion, is the policy of performance funding resulting in useful data for decision-making at the campus level?

Probe: Are you aware of any educational program or policy decisions that have been heavily impacted by data derived through performance funding activities? Please explain.

Probe: In your opinion, how has assessment of student outcomes changed due to this policy?

- 4) a) In your experience with performance funding, what is its greatest strength? Can you provide me with an example to illustrate this strength?

Probe: What is your opinion of advocates of performance funding views that the policy is both an incentive and a reward?

- b) In your experience with performance funding, what is its greatest weakness? Can you provide me with an example to illustrate this weakness?

Probe: What is your opinion of the loss of campus autonomy?

- 5) How can the policy of performance funding be improved?

Probe: Should the policy be modified (how) or discontinued (why)?

- 6) In your opinion, what is the level of stakeholder awareness of the policy?

- 7) In your opinion, what effect, if any, does the attitude of senior management have on the experience with the performance funding policy at the campus level?

Is there any additional information that you would like to provide in addition to the format of this interview? I am interested in any documentation you may have or suggest that is pertinent to this topic. Thank you for taking time to participate in this research project.

Interview Note Form

Participant Code # _____ Date: _____

Summary information from each of the questions asked:

1. _____

2. _____

3. _____

4. _____



5.

6.

7.

Any additional comments from this interviewee?

Any documents or additional interviews recommended by this interviewee?

Appendix C

CONSENT FORM

Project Title:

The Experience of Performance Funding on Higher Education at the Campus Level in the Past 20 Years

The purpose of this study is to describe the experience of Tennessee Performance Funding Policy on the Vol State Community College campus over the past twenty years.

The proposed study seeks to develop a rich, thick, description of the phenomenon under study, Tennessee Performance Funding Policy at Vol State Community College over the past twenty years. Several study propositions have been derived. These propositions in no way limit the intent to provide the description indicated, but provide guidance for the study.

1. To what extent is the Tennessee policy of performance funding promoting substantive and constructive educational change or improvement at the campus level of a community college in Middle Tennessee according to perspectives of those who are involved with it?
2. To what extent if any is Tennessee's Performance Funding influencing decision making?
3. To what extent is the Tennessee policy of performance funding resulting in useful data for decision-making at the campus level?
4. What are the policy's strengths and weaknesses as perceived by this campus?
5. Would campus stakeholders keep the policy unchanged, keep it with revisions, or would they terminate the policy?
6. What is the level of stakeholder awareness of the policy?
7. What effect if any does the attitude of senior management have on the experience with the performance funding policy at the campus level?

Your participation in this research will involve an interview that will last approximately one hour. As a participant, your identity and the office you represent will be kept confidential unless you give your permission otherwise, thus placing you at minimal risk. However, you are cautioned that since this study involves a policy specific to the state of Tennessee, it is impossible to keep the identity of the institution involved in the study confidential. Therefore, there is some possibility that your identify or position could be guessed.

Your agreement to participate in this study will be evidenced through the signing and returning of one of the enclosed consent forms in the envelope provided. **The second consent form may be kept for your records.**

This study may have no personal benefits for you. However, participation in the study will at a minimum assist in providing an addition to the pool of literature available to future researchers on this topic. Also, through the study of the effects of the longest running performance funding policy in the nation at the campus level - both the successes

and failures, strengths and weaknesses, assumptions and expectations - other states seeking to implement or modify a similar policy may capitalize on the positives, while avoiding the negatives. In addition, this study will provide the Tennessee Higher Education Commission with evidence of actual effects of the Tennessee Performance Funding Policy on Vol State Community College

that may aid in future planning efforts related to this policy and will provide Vol State with an unbiased review of the university's response to this policy.

Confidentiality of the material from the interview will be maintained by limiting access to the interview information to the researcher and one transcriber. The transcriber will assist with the transcription of the interview tapes only after she has signed an agreement of confidentiality. The interview tapes will be destroyed after transcription. The signed consent forms will be stored in a locked filing cabinet in the College of Education, Leadership Studies Unit at the University of Tennessee, Knoxville and will be maintained for three years. The transcriptions will be stored in a locked filing cabinet at the work of the researcher and will be maintained for a period of three years after the conclusion of the study. After this time, they will be destroyed. The results from this study will be presented in my doctoral dissertation.

Your participation in this study is voluntary. Choosing not to participate will involve no penalty and you may withdraw from the research project at any time without penalty. If you have questions about the research please contact Michelle S. Freeman at (423) 318-2741 (work). If you have questions about your rights as a participant, contact the Compliance Section of the UTK Office of Research at (423) 974-3466.

I have read and understood the explanation of this study and agree to participate,

Name (Please Print)

Date

Signature

Telephone

By also signing below, I agree to have my name and office identified with my transcript.

Signature

Appendix D

CONFIDENTIALITY STATEMENT

Project Title:

The Experience of Performance Funding on Higher Education at the Campus Level in the Past 20 Years

I, _____, understand that the transcriptions of the interviews that I will undertake are to be kept confidential, These transcriptions are only to be discussed with the researcher for purposes of clarification. I will keep all information seen through these transcriptions confidential including identities of participants and information given.

I have read the above statement and agree with the conditions of my services.

Signature

Date

Appendix E

June 12, 2002

«Title» «FirstName» «LastName»
«JobTitle»
«Company»
«Address1»
«City», «State» «PostalCode»

Dear «Title» «LastName»:

I am writing you this letter to thank you so much for your recent participation in my doctoral study.

I have also enclosed a copy of the transcript of our interview session. Please review the transcript for any content errors. If you find such errors, please note the corrections on the transcript. Furthermore, if the transcript causes you to think of any additional items, please note these comments as well. Please send corrections and comments to me at the following address:

Michelle Freeman
383 Pine Ridge Drive
Afton, TN 37616

If you find nothing wrong with the transcript content, you may simply keep the copy for your files.

In order to wrap up my study, I will need any transcripts that need correction to be returned to me by October 1, 2000. If the transcript is not returned, the study will assume that there are not any corrections to be made. If you have any questions regarding the research, I can be reached at (423) 318-2741 (work). Thank you so much for your assistance with this one last item.

Sincerely,

Michelle S. Freeman
Candidate for Ed.D
University of Tennessee, Knoxville

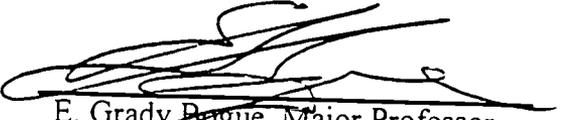
VITA

Michelle Freeman was born in Norcross, Georgia on October 18, 1972. She attended schools in the Greeneville City Public School System in Greeneville, Tennessee, where she graduated from Greeneville High School in June 1990. She entered the University of Tennessee in August of 1990 where in December 1993 she received the Bachelor of Science in Accounting. She immediately entered the Master's program in Accounting at the University of Tennessee, officially receiving the Master's degree in August 1994. She passed the CPA examination in November 1990, and practiced as a CPA in Knoxville, Tennessee for two and one-half years. During this time, she also taught accounting as an adjunct instructor at night at Walters State Community College. In August of 1996 she returned to The University of Tennessee to pursue the Doctorate of Education in Educational Administration and Policy Studies to further her knowledge in higher education. She received the doctorate degree in December 2000.

In January 1997, while attending graduate school, she began teaching full time at the University of Tennessee at Chattanooga. In August 1997, she began teaching at Walters State Community College in Morristown, Tennessee, where she is currently employed as Associate Professor and Department Head of Office Administration. She also serves as the Instructional Technology Coordinator for the Division of Business.

To the Graduate Council:

I am submitting herewith a dissertation written by Michelle Freeman entitled "The Experience of Performance Funding on Higher Education at the Campus Level in the Past 20 Years." I have examined the final copy of this dissertation for form and content and recommend that it be accepted in partial fulfillment of the requirements for the degree of Doctor of Education, with a major in Educational Administration and Policy Studies.

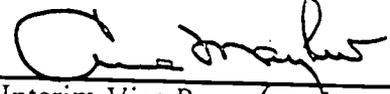

E. Grady Bogue, Major Professor

We have read this dissertation
and recommend its acceptance:





Accepted for the Council:


Interim Vice Provost and
Dean of The Graduate School



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