

HIGHER EDUCATION STAKEHOLDERS' PERCEPTIONS OF TENNESSEE'S  
CURRENT PERFORMANCE FUNDING POLICY

A Dissertation  
Submitted to the Graduate School  
of  
Tennessee State University  
in  
Partial Fulfillment of the Requirements  
for the Degree of  
Doctor of Education

Graduate Research Series No. \_\_\_\_\_

Ronald Charles Williams

August 2005

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To the Graduate School:

We are submitting a dissertation by Ronald Charles Williams entitled “Higher Education Stakeholders’ Perceptions of Tennessee’s Current Performance Funding Policy.” We recommend that it be accepted in partial fulfillment of the requirements for the degree, Doctor of Education in Administration and Supervision with a concentration in Higher Education Administration.

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Accepted for the Graduate School:

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Dean of the Graduate School

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## DEDICATION

This study is dedicated to my mother Robbie Williams for her unconditional love, many sacrifices, and support throughout my life; to my late father, Donald Williams, Sr., for his advice, encouragement, and words of wisdom, and to my aunts, uncles, nephew, cousins, and friends. I am highly favored and truly blessed by God to have so many wonderful people who have affected my life in such a positive way. Although my biological maternal and paternal grandparents were deceased prior to my being born, I would also like to posthumously dedicate this study to Cal, Sr., and Katherine Rogers and Emmett, Sr., and Madgeline Williams. The values and virtues that they instilled in my parents have ultimately had a positive presence in my life. Additionally, I thank the late Bernice Winston and Bessie Taylor for standing in for my fallen grandmothers.

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## ABSTRACT

RONALD CHARLES WILLIAMS. Higher Education Stakeholders' Perceptions of Tennessee's Current Performance Funding Policy (under the direction of DR. KAREN STEVENS.)

This study encompasses an in-depth analysis of the performance funding policy currently utilized by public colleges and universities in Tennessee. Performance funding is a method in which an evaluation of outputs mechanism is utilized in an effort to monitor the quality, efficiency, and effectiveness of the institutions within public higher education systems. Using a mixed method model, this research incorporates archival survey data and interview responses from policy elites to explore the perceptions of higher education stakeholders regarding the use of the performance funding model within the funding formula for Tennessee higher education institutions. The quantitative section focused on all of the public higher education institutions in Tennessee. The qualitative section focused on four select institutions in Middle Tennessee: Austin Peay State University, Nashville State Technical Community College, Tennessee State University, and Volunteer State Community College.

This study sought to determine how performance funding policy has impacted public colleges and universities in the state of Tennessee. An analysis of the archival surveys and elite interviews demonstrated that the overall impact of performance funding in Tennessee has been positive. Although several policy weaknesses have been identified throughout the data, the majority of the data yielded positive results. Several

stakeholders suggested that it is not the policy that needs to be revised; it is the implementation of the policy that has flaws.

Based on the analysis of the questions posed in the archival study, institutional stakeholders are pleased with the current standards that exist within the performance funding program. It was concluded that institutional stakeholders, at both the university and college levels, recognize the benefits of performance on their campuses. They are satisfied with policy and believe that it promotes a positive overall and academic campus climate. Tennessee institutional stakeholders believe that performance funding works to promote external, legislative, and institutional accountability and institutional improvement. An overwhelming number of respondents stressed how important and helpful the performance funding policy has been in the accreditation process for Tennessee's public colleges and universities. Stakeholders contended that institutional and specialized program accreditation is paramount to the public perception of institutional quality and efficiency.

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## CHAPTER I

### INTRODUCTION

#### Overview

The three main goals of public higher education, access, equity, and quality, are constantly under attack by forces external to public colleges and universities. Access, equity, and quality in public higher education have become increasingly difficult to maintain and in some cases achieve due to limited state resources, rising instructional costs, and increased student enrollment. The tensions of rising tuition costs and decreasing levels of state appropriations for higher education have made the current decade an unstable period for higher education (Dandridge-Johnson, Noland, & Skolits, 2004). In recent years, parents and students have become responsible for paying a larger portion of the tuition and fees assessed for higher education than what was previously required.

Noland and Williams (2004) stated that as the pressures on colleges and universities have increased, accountability has become the watchword of the legislative movement toward direct involvement in the activities of higher education. Through a formal auditing process, an increasing number of states have turned to an evaluation of outputs as a means of monitoring the quality, efficiency, and effectiveness of the institutions and their state systems of higher education. Traditionally, the most direct tie between elected officials and the campus leadership is the fiscal chain that connects the two entities. Consequently, many of the principal components of the budgeting process,

incremental adjustments, formula calculations, peer institution indices, performance standards, special allocations, and fee revenues, have come under heightened scrutiny as states weigh current needs and project future demands on state coffers (Noland & Williams, 2004).

In response to the concern for accountability, many states, including Tennessee, have implemented performance funding programs. Performance funding is a method in which an evaluation of outputs mechanism is utilized in an effort to monitor the quality, efficiency, and effectiveness of the institutions within public higher education systems (Burke & Associates, 2002). This mechanism is largely the result of many institutions and state systems struggling to balance their budgets and provide adequate educational opportunities to an emergence of new constituencies. Traditionally, public higher education institutions relied solely on enrollment, driven funding formulas and state appropriated dollars, to fund individual campuses. However, due to the increased need for accountability in higher education, many states use performance funding as a way of rewarding institutions for their ability to document desirable educational outcomes and results and to increase efficiency in various areas of student achievement (Lucas, 1996).

The recent, increasing concern with the public accountability of higher education in the United States is undeniable (Noland & Williams, 2004). The trend among public policy makers is to move away from the reliance on enrollment – driven funding in an effort to tie budgetary support to institutional performance. In light of major economic and social changes, students, parents, legislators, administrators, and policymakers consider a quality education the critical component necessary for viability in an era where

the economy is dictated by technology and knowledge. As a result, consumers are increasingly interested in obtaining information that speaks to the quality of the education provided by colleges and universities. Therefore, the performance funding model was designed to address more than just the problem of declining financial resources, the performance funding program was also developed in an attempt to create a culture of assessment and institutional improvement in Tennessee's public colleges and universities.

A National Center for Education Statistics (1996) report concluded that resources for public higher education throughout the nation are becoming more limited; students, parents, elected officials, administrators, and policy makers are demanding information on the quality of programs and services that higher education institutions are providing for students. Therefore, state legislators and community leaders are challenged to assess the performance of higher education institutions. This assessment has put increased pressure on state governing and coordinating bodies to assess student learning (Dandridge-Johnson et al., 2004). Moreover, regional accrediting agencies, led by the Southern Association of Colleges and Schools (SACS), have increased demands for assessment – based accountability as a prerequisite for initial accreditation and re-affirmation of public and independent institutions (SACS, 2001).

Financing college tuition and fees for students, parents, and taxpayers is an investment. Presumably, for the majority of the population it is a large investment. It has become the task of the institutions and the states' governing and coordinating bodies to assess the return on the investments in higher education (Dandridge-Johnson et al., 2004). The concern for institutional quality is propelled by the national trend in rising tuition and

fee costs and the publication of benchmark reports that speak to the condition of higher education entities, such as the *U.S. News and World Report* annual rankings of institutions and the National Center for Public Policy's report *Measuring Up*. These reports and others are catalysts for policies that are developed to assess costs along with the fluid concept of educational quality (Dandridge-Johnson et al., 2004).

Erwin (1998) indicated that over the past decade, there has been growth in the number of institutions that participate in some type of student assessment. As a result of the increased institutional participation in student assessment, the improvement of student performance has become the focus of much public concern regarding higher education. Consequently, the amount of faculty and administrative time that has been provided to promote, support, and implement student assessment has increased in recent years (Erwin, 1998). Postsecondary institutions continue to search for more effective strategies for student assessment and for sufficient evidence to guide the efforts (Peterson, Einarson, Augustine, & Vaughan, 1999).

In 1979, Tennessee became the first state in the union to implement an assessment driven performance funding program.

Tennessee provides a unique example of a state that is able to chronicle a long-term history of documented success with an assessment driven policy designed to stimulate instructional improvement and student learning. Since 1979, the Tennessee Performance Funding Program has offered financial incentives for the meritorious institutional performance at public colleges and universities across the state. (Dandridge-Johnson et al., 2004, p. 4)

Banta, Rudolph, Van Dyke, and Fisher (1996) concluded that Tennessee's formal assessment performance funding program stimulates instructional improvement and student learning by encouraging individual campuses to address their respective missions. Banta et. al. also asserted that Tennessee's program provides an on going system for assessing and tracking the progress of publicly funded higher education. Burke and Associates (2002) suggested that the value and effectiveness of Tennessee's performance funding program has been confirmed by the longevity and stability of the policy. However, longevity does not necessarily denote success; therefore, this perceived stability and effectiveness warrants careful examination of the Tennessee program.

#### Statement of the Problem

A number of differences, both actual and perceived, exist between the public colleges and universities within the State of Tennessee. Differences such as, mission, purpose, and location have the potential to effect the performance funding program's impact on public colleges and universities in Tennessee. To date, the utilization of performance funding has not impacted all public colleges and universities within the state equitably. The assessment based performance funding model utilizes a pre-determined set of performance indicators that measure an institution's level of performance. The most common performance funding indicators are: (1) graduation rates, (2) transfer rates, (3) faculty workload/productivity, (4) follow-up satisfaction studies, (5) external sponsored research funds, (6) remediation activities, (7) pass rates on licensure exams, (8) degrees awarded, (9) placement data on graduates, (10) total student credit hours, (11)

admission standards/measures, and (12) total number and percent of accredited programs. This problem of inequity exists largely because of these performance indicators that are used to measure an institution's potential ability to provide academic and student support and community services.

Due to the value placed on certain indicators the two-year colleges do not benefit from performance funding to the same extent that the four-year universities benefit. For example, the current performance indicator that measures graduation and retention rates does not consider that students attending a two-year college may not have enrolled for the purpose of earning a degree nor plan to remain enrolled for a period of longer than two semesters. A two-year college student may enroll to learn a skill-set to immediately begin working in a vocational field. In this scenario, the two-year colleges' scores for the graduation and retention indicator would average less than the four-year universities. This would make the current performance funding program inequitable.

### Purpose of the Study

The purposes of this study were to describe institutional stakeholders' perceptions of the utilization of performance funding in select Middle Tennessee colleges and universities and to determine the extent to which the performance funding program in Tennessee has impacted select public colleges and universities in the Middle Tennessee area. The institutions of interest include: Austin Peay State University (APSU), Nashville State Technical Community College (NSTCC), Tennessee State University (TSU), and Volunteer State Community College (VSCC). This study examined if the

policy of tying funding to quality or performance has equal benefits for all four institutions named in the study. The study incorporated the data collected from the archival survey, conducted by the Tennessee Higher Education Commission (THEC), and elite interviews to determine the effect the policy has had on the various institutions.

### Quantitative Research Questions

Over the years, there have been several research studies that have evaluated performance funding programs. However, this project differs from those as this study will evaluate the perceptions of the higher education stakeholders that are responsible for implementing the performance funding program on the campuses of APSU, NSTCC, TSU, and VSCC. This study attempted to answer the following questions:

1. Is there a majority difference in the level of satisfaction of the performance funding program utilized at Tennessee campuses based on the type of institution?
2. What percentage of Tennessee institutions rate the impact of the performance funding program, under current standards as it relates to the campus academic climate, as good or excellent?
3. What percentage of Tennessee institutions rate the impact of the performance funding program, under current standards as it relates to the overall campus climate, as good or excellent?
4. Does performance funding work to promote the following policy initiatives: external accountability, legislative accountability, institutional accountability, and institutional improvement?

5. Based on the type of institution, which of the following standards: accreditation; alumni, employer, and student surveys; job placement; program review; and retention and persistence contribute to improvements in student learning?
6. Is satisfaction with the performance funding program at the university level predicted by the following variables: accreditation; alumni, employer, and student surveys; program review; retention and persistence; and state strategic planning goals?
7. Is satisfaction with the performance funding program at the college level predicted by the following variables: accreditation; alumni, employer, and student surveys; job placement; program review; retention and persistence; and state strategic planning goals?

#### Quantitative Research Hypotheses

1. There will be a majority difference in the level of satisfaction with the performance funding program based on the type of institution.
2. A majority number of Tennessee institutions will rate the impact of the performance funding program, under current standards as it relates to the campus academic climate, as good or excellent.
3. A majority number of Tennessee institutions will rate the impact of the performance funding program, under current standards as it relates to the overall campus climate, as good or excellent.

4. The majority of the respondents will indicate that performance funding does work to promote the following policy initiatives: external accountability, legislative accountability, institutional accountability, and institutional improvement.
5. The majority of the respondents will indicate that: accreditation; alumni, employer, and student surveys; job placement; program review; and retention and persistence have contributed to improvements in student learning.
6. Satisfaction with the performance funding program at the university level is predicted by the following variables: accreditation; alumni, employer, and student surveys; program review; retention and persistence; and state strategic planning goals.
7. Satisfaction with the performance funding program at the college level is predicted by the following variables: accreditation; alumni, employer, and student surveys; job placement; program review; retention and persistence; and state strategic planning goals.

### Qualitative Research Questions

1. What type of significant impact, if any, has performance funding had on APSU, NSTCC, TSU, and VSCC?
2. Based on professional experience and opinion, what strengths, liabilities, and/or suggestions regarding performance funding have been identified by administrative and academic personnel?
3. Describe the ways in which performance funding is an effective instrument to achieve accountability at APSU, NSTCC, TSU, and VSCC.
4. Does performance funding place external pressures on higher education to become more accountable to its funding sources, if so please explain?
5. What factors have contributed to the longevity of the performance funding program in Tennessee?
6. In your opinion has performance funding done a sufficient job of improving the overall quality of education at public colleges and universities in Tennessee, please explain?
7. What impact, if any, would discontinuing performance funding have on higher education in Tennessee?

The answers to these questions should provide pertinent information that can be used by institutional stakeholders, legislators, students, parents, and state governing and coordinating boards to improve the current performance funding program in Tennessee.

### Significance of the Study

The original purpose of performance funding in Tennessee was to address a general concern about the quality of education that students were receiving in higher education institutions. This study should be significant to higher education stakeholders as colleges and universities have an affect on the communities in which they are located and beyond. The intent of the performance funding program was to entice individual institutions to improve the quality of education and services that students were receiving. It is important to evaluate the policy to determine the extent to which the policy is working, and the types of campuses for which it is working. The perceptions of high ranking administrators at Middle Tennessee colleges and universities will provide insight on how valuable the performance funding program is to the students attending the institutions.

Policy makers should find the study significant because it may assist them in making changes in the current policy for performance funding. Revisions to the policy may strengthen the performance funding program by making it more beneficial to all entities involved in the higher education process, whether directly or indirectly. One of the tasks of the Tennessee Higher Education Commission is to make recommendations to Tennessee's legislature in an effort to improve the quality of education for students who choose to attend college within the state of Tennessee. Arguably, the most beneficial contribution to persons involved in the policy making process is the feedback from the persons that are charged with implementing the policy at the institutional level.

Finally, this study should be important to the general tax-paying community because it may either decrease or increase the public's confidence in Tennessee's public college and university systems. It will provide taxpayers with a lucid understanding of whether their tax dollars are being used in a constructive manner that is positively effecting higher education institutions equally. If the public's perception of higher education in their local area is good, this may increase the institutions' ability to recruit and maintain students. This in turn speaks to the quality of the academic instruction and student services that are being provided. Moreover, students and parents may feel comfortable in knowing that the education they have paid for is of good quality and will be a continual benefit to the student.

#### Limitations of the Study

This study was subject to the following limitations: although, the archival surveys were sent to all relevant higher education administrators in the State of Tennessee; the elite interviews only focus on four (4) institutions within the State of Tennessee. As a result they do not provide the entire Tennessee experience as it relates to performance funding. Secondly, the archival study was limited because the reliability and validity of the instrument has not been assessed. This study was also limited because it only involves volunteer participants who are currently employed by or are involved with higher education in Tennessee. This study in no way attempts to identify stakeholders' perceptions of performance funding nationally, only those in Tennessee during the timeframe indicated. As such, this study was limited only to the conditions and activities

of performance funding procedures in Tennessee, which may limit generalizability to other states and settings.

#### Definition of Terms

Access – students who have met the minimum entry requirements possessing the ability to enroll in any public college and/or university.

Accountability – the process of states enacting laws and policies that require colleges and universities to demonstrate efficiency, quality, and sound stewardship of public money (Lively, 1992). Institutions being held accountable for performance results where clear goals for performance have been identified.

Appropriation – public taxpayer monies that have been appropriated to public colleges and universities for general operations.

Assessment Based Initiatives – are activities that are designed to assess the desired results of an undergraduate education, develop an acceptable means of evaluating institutional performance, and/or demonstrate that public campuses are meeting students' needs (Burke & Associates, 2002).

College – a two year postsecondary institution.

Elite Interview – an interview that is conducted by a social scientist (researcher) who is interested in a core decision maker's own interpretation of events or issues (Johnson & Joslyn, 1995).

Equity – represents the response to the disparities and diversity in human needs amongst different groups (Richardson, 1994) and the process of allocating an equitable amount of resources to institutions based on size and mission.

External Accountability – evaluating institutions on their ability to maintain and/or increase: high job placement rates and licensure scores; employee satisfaction with graduates; and general education and major area test scores (Dandridge-Johnson et al., 2004).

Formula Funding (Enrollment Driven) – process in which public funds are allocated to institutions based on the number of students enrolled in an institution.

Indicators (Performance) – standards that provide valuable data as to whether or not institutions are performing at minimum levels of efficiency or better. To include but not limited to: diversity of students, external peer review, faculty workload, graduate job placement, number of accredited programs, and undergraduate access (Burke & Associates, 2002).

Institutional Planning Cycle – cyclical period of time when institutions plan to revise their performance funding goals and strategies.

Internal Accountability – occurs when institutional personnel continually develop and/or revise curriculum to improve the levels of student satisfaction with the institution (Dandridge-Johnson et al., 2004).

Performance Funding – is a budget supplement that some states employ to allocate additional state appropriated dollars to fund higher education institutions based on a select number of prescribed indicators, specifically performance funding ties tightly

specific resources to institutional results on each of the designated indicators. The tie is automatic and formulaic. If a campus achieves a set target on a designated indicator, it receives a specific amount of performance money for that measure. Performance funding focuses on the distribution phase of the budget process (Burke & Associates, 2002, p. 21).

Performance Reporting – state mandated process in which public colleges and universities are required to compile reports that should indicate whether or not institutions are operating at an optimal level of performance (Burke & Associates, 2002).

Quality – is the qualitative measurement of the effectiveness of an institution, program, or policy. Additionally, quality (Burke & Associates, 2002, p. 40) is the “hallmark of higher education – it is an elusive and subjective attribute that is seldom easy to assess objectively and always difficult to measure quantitatively.”

Stakeholders (Higher Education) – are persons who have an interest in or are affected by higher education activities. Higher education stakeholders include, but are not limited to: academicians, students, institutional personnel, parents, taxpayers, state legislatures, governing/coordinating/policy agencies or boards, etc.

Southern Regional Education Board – The Southern Regional Education Board was founded in 1948 at the request of Southern leaders in business, education and government; it was the nation’s first compact for education. Over the years SREB has worked to improve every aspect of education — from early childhood education to doctoral degrees and beyond (Southern Regional Education Board website, 2004).

State Higher Education Executive Officers (SHEEO) – is a non-profit, nationwide association of the chief executive officers serving statewide coordinating and governing boards of postsecondary education. The State Higher Education Executive Officers association was created in 1954 by the executive officers of nine of the ten statewide higher education boards then in existence, its current members are the chief executive officers serving 26 statewide governing boards and 30 statewide coordinating boards of higher education (State Higher Education Executive Officers website, 2004).

Tennessee Board of Regents (TBR) – was chartered by an Act of the General Assembly of the State of Tennessee on April 14, 1972. The composition and authority of the Board are promulgated in Tennessee Code Annotated 49-8-201 through 49-8-203. The Board has the task of administratively governing six Tennessee public universities, 13 public Tennessee community and/or technical colleges, and 27 Tennessee Technology Centers. The Board has the authority to select the presidents of institutions, confer tenure, and approve promotion in faculty rank (Tennessee Board of Regents website, 2004).

Tennessee Higher Education Commission (THEC) – was created in 1967, by an act of the Tennessee General Assembly. The composition and authority of the Commission are promulgated in Tennessee Code Annotated 49-7-202 to coordinate the two systems of public higher education in Tennessee: the University of Tennessee institutions governed by the University of Tennessee Board of Trustees, and state universities, community colleges, technical institutes and technology centers governed by the Tennessee Board of Regents. Over 200,000 Tennessee students are served annually by the nine public

universities; two special purpose institutions, 13 two-year institutions, and 27 technology centers (Tennessee Higher Education Commission website, 2004).

Total Design Method – is based on convincing people first that a problem exists that is of importance to a group with which they identify; and second, that their help is needed to find a solution. The researcher is portrayed as a reasonable person who, in light of the complexity of the problem, is making a reasonable request for help, and, if forthcoming, such help will contribute to the solution of that problem. The exchange the researcher seeks to establish is broader than that between him or herself and the questionnaire recipient, that is, if you do something for me, I'll do something for you. Rather, the researcher is identified as an intermediary between the person asked to contribute to the solution to an important problem and certain steps that might help remedy it. Thus the reward to the respondents derives from the feeling that they have done something important to help solve a problem faced by them, their friends, or members of a group including community, state, or nation, whose activities are important to them (Dillman, 1978).

University of Tennessee Board of Trustees – is the administrative governing body of the University of Tennessee system that includes campuses at Knoxville, Chattanooga, and Martin. The purpose of the Board is to establish policies controlling the scope of the educational opportunities to be offered by the University and also policies determining its operation in general; however, the planning and development of curricula shall be the function of the faculties. The Board has the authority to select the presidents of institutions, confer tenure, and approve promotion in faculty rank. The Board has full

authority to determine and to control the activities and policies of all organizations and activities that bear, or that may be carried under, the name of the University (University of Tennessee Board of Trustees website, 2004).

University – a four year postsecondary institution.

## CHAPTER II

### REVIEW OF LITERATURE

#### Introduction

This review of literature will provide some insight on both national experiences and the Tennessee experience with using performance funding as a method to fund public colleges and universities. This literature provides a chronological view of how states have revised their policy practices and procedures for funding higher education institutions. It contains specific details of the national shifts from performance assessment, to performance reporting, and ultimately to performance funding – where public colleges are rewarded with additional funding based on performance. Performance funding is a budget supplement that some states use to allocate additional funds to higher education institutions based on a select number of indicators. These indicators, historically, have provided various stakeholders with the data needed to improve the performance of individual higher education institutions. Burke and Associates (2002) indicated that performance funding indicators can include but are not limited to: graduation and retention rates, transfer rates, faculty workload and productivity, and pass rates on licensure exams.

### National Performance Funding Experiences

In an effort to remedy the national problem of declining revenues for higher education, various states vigorously attempted to develop an effective means by which to fund public higher education. Serban and Burke (1998) noted that budgeting objectives for higher education “evolved from adequacy in the 1950s, to distributive growth in the 1960s, to redistributive equity in the 1970s, to stability and quality in the 1980s, to stability/accountability/reform in the 1990s” (p. 15 – 16). However, Caruthers and Marks (1994) indicated that “each decade’s new objective, to be served by the funding process, became an additional rather than replacement purpose” (p. 1). Each new objective became an additional piece to the funding process instead of replacing the previous decade’s objective. Said objectives for each decade indicate the needs of the state, at specific periods of time, as economics and demographics change throughout the years.

### *National Funding Difficulties for Higher Education*

After several decades of consistent tuition and fee increases, higher education between the fiscal years 1992 and 1993 suffered a great decline in state support (Hines, 1993). Nationally, state appropriations for higher education institutions continued to decline; thus, creating a new urgency to state demands for campus accountability (Burke & Associates, 2002). Many states that have a performance funding program for higher education implemented the program in response to the state’s accountability concerns. Performance funding programs are designed to require public colleges and universities to become more accountable to the students and all other stakeholders of higher education.

Higher education annual budget cuts were becoming common as projected state revenues fell below projections. Unfortunately, public higher education receives a diminished amount of already limited funds, as it is generally not the primary concern of the state legislature. Burke and Associates (2002) provides that “criticism of public higher education rises during recessions and recedes with recovery” (p. 7).

### *External Criticisms of Higher Education*

Former New Jersey Governor Thomas H. Kean, the current president of Drew University, stated that higher education has lost its image and adamantly declared that the public is questioning the mission of higher education (DePalma, 1992). The literature indicated that the public feels that higher education institutions: (1) cost too much, (2) spend money carelessly, and (3) teach students poorly. These criticisms outlined by Thomas H. Kean advance the agenda of the decision makers that develop performance funding programs throughout the country. These programs are designed to serve as a remedy to various accountability, equity, and quality issues in higher education institutions throughout the nation. Much of the criticism from external critics, business and government leaders, is focused on the mediocre condition of undergraduate education. This condition of undergraduate education may be attributed to: (1) admitting too many unqualified applicants, (2) graduating too few of those who were admitted and have matriculated, (3) permitting students to take too long before completing degree programs, and (4) allowing too many students to graduate without mastering the knowledge and skills required for successful careers in a technologically driven society

(Lively, 1992). Although complaints about higher education emerged during the 1980s, the complaints grew increasingly specific throughout the 1990s (Burke & Associates, 2002).

In 1993, a conference of national leaders issued a report through the Wingspread Group that charged higher education leaders with failing to meeting societal needs, even though changes in the economy, technology, and demographics increased the importance of access to higher education for most Americans. The report charges that higher education officials weeded out students and undermined undergraduate education instead of effectively responding to the growing number of high school graduates opting to attending college. As a result, the report contended that American higher education systems must educate more students and do a better job that they had done previously. The recommendations for improvement included that colleges and universities must implement a more rigorous curriculum that puts a greater emphasis on student learning. Additionally, it provided that higher education institutions are not the only entities that contribute to America's declining educational system, it also implicates that K – 12 school systems must also make an effective contribution at their respective levels to ensure students' success at the baccalaureate level.

### *Accountability in Higher Education*

In the early 1990s, accountability in higher education was becoming a primary concern of higher education officials, state legislatures, and external influences (Burke & Associates, 2002). The rising costs of tuition and fees coupled with adamant criticism of

various higher education institutions, and entire higher education systems, fueled the increasing demands for institutions to be mandated to meet certain accountability standards as evidence of their contribution to individual communities and societies. An article that appeared in the Chronicle of Higher Education concluded that:

Accountability is again a hot topic as state budgets shrink and taxpayers complain about rising costs – particularly in tuition – and what they see as decreases in educational quality ....Under the loose rubric of “accountability,” states are enacting new laws and policies that require colleges to demonstrate efficiency, quality, and sound stewardship of public money (Lively, 1992, p. A-25).

The quotation stated above has important implications for the future of public higher education institutions in this country. Public higher education has become extremely costly, and an important topic for the states that are required to fiscally govern themselves and manage their own budgets (Lively, 1992). The statements of the critics and other stakeholders alike all lend themselves to the new accountability in higher education.

The shift from the old to the new form of accountability in state government and higher education involves the shift from accounting for expenditures to accounting for institutional results (Burke & Associates, 2002). This model is illustrated in Osborne and Gaebler’s (1994) *Reinventing Government*. This book outlines the specific details of a new accountability system; it provides that a new accountability system focuses on institutional performance results instead of budgetary regulations. Hammer and Champy (1993) stated that higher education institutions can and must improve the quality of

education while reducing tuition and fees and increasing productivity. While this may be a monumental task, it is possible if institutional leaders would remain constant in setting goals and assessing results and be direct and concise when developing the means by which the goals will be met.

Prior to the new accountability system being recognized in several states, colleges and universities did not identify nor evaluate qualitative outcomes of higher education. Burke and Associates (2002) reported that academicians claimed that determining the qualitative outcomes of higher education institutions would have proved to be too difficult to obtain and too subjective to be quantified. Again, Lively (1992) indicated that the reluctance displayed by academicians to identify quality goals increased criticism from critics and state legislatures as it relates to accountability. It is very important to note that it is extremely difficult to achieve accountability without, first, adopting an acceptable definition of quality (Burke & Associates, 2002). The chair of an educational committee within a state's legislature concluded that higher education is the only entity that is permitted to use large amounts of state appropriated dollars and other resources prior to a clear objective being defined (Lively, 1992). The committee expressed a need for the higher education policy makers to develop universal criteria by which institutions' accountability levels may be measured. The appeal for higher education policy makers to develop universal criteria was done so in an effort to allow academicians an opportunity to maintain primary control over how institutions were going to prove that they were doing the job that they claimed they were doing. However, the gap between academicians and state legislatures failed to close; therefore, the states possessing the

statutory authority, stepped in and developed what is referred to in most states that have an assessment program as performance funding.

Most states called for changes to be made to public college and university campuses in response to the United States Department of Education's National Commission on Excellence in Education 1983 educational report titled, "A Nation at Risk: The Imperative for Educational Reform, an Open Letter to the American People, a Report to the Nation and the Secretary of Education" (Gardner & Others, 1983). This report chronicled the problems of America's failing public education system. The report sparked the criticism of education from all facets of the political spectrum (Burke & Associates, 2002). Two years later, the Association of American Colleges (AAC; 1985) published a report that indicated that the status of education in America was slowly improving. However, the AAC report criticized the current state of baccalaureate level education in this country. The report indicated that undergraduate programs: (1) lacked coherent curriculum, (2) the level of student learning was not satisfactory, and (3) that quality teaching is scarce at best and non-existent at worse. Burke and Associates (2002) suggested that the assessment of undergraduate education appears to offer a remedy to the problems that exist in higher education.

### *Performance Assessment and Evaluation*

Assessment simply asks college and university leaders to: (1) identify the knowledge and skills that their students should master prior to graduating from said institution, (2) design indicators that reflect that the knowledge has been obtained, (3)

evaluate the extent of students' achievement, and (4) use said results to improve institutional performance (Burke & Associates, 2002). Seemingly, performance funding assessment will provide some insight to closing the gap between institutional wants and legislature needs. The notion of assessment originally began surfacing throughout the country in the late 1980s. Boyer (1987) stated that state legislatures and coordinating boards liked the notion of assessment; therefore, two-thirds of the states in America mandated assessment policies.

Until assessment goals were created and well defined, the academe had not specifically outlined what the objectives of undergraduate education should be. Moreover, colleges and universities had not effectively dealt with how campus achievements could be assessed and documented (Burke & Associates, 2002). Unfortunately, many colleges and universities used Astin's (1985) model, the Resource and Reputation Model of Institutional Excellence, which required that institutions be evaluated based on the following criteria: (1) the quality of campus resources, (2) the quality of admitted students, and (3) the reputation of the faculty's research. Although this model may provide some insight on institutional resource inputs of funding, students, and faculty, it clearly does not address the quality or quantity of the services provided to students, states, and society by higher education institutions (Burke & Associates, 2002).

Initially, the idea of assessment was welcomed by institutional leaders as the states originally allowed individual campuses to decide how assessments should be conducted. During this time, the American Association of Higher Education hosted annual assessment conferences that attracted nearly 2,000 faculty members,

administrators, and educational experts to discuss the benefits and implications of assessment (Burke & Associates, 2002). Nettles, Cole, and Sharp (1997) noted that all of the six regional accrediting agencies made assessing student outcomes a requirement for accreditation. The regional accrediting agencies were shifting the emphasis from admissions scores, library holdings, and faculty credentials to the outcomes of student learning. El-Khawas (1995) stated that a 1995 *Campus Trends* survey reported that 94 percent of colleges and universities were involved in some type of assessment activity.

Burke (1999) declared that even though the majority of the state programs indicated that the dual goals of external accountability and institutional improvement are important, most institutions kept institutional improvement as their main focus and continued to resist increasing demands for credible evidence of external accountability. However, a limited number of professors throughout the country indicated that they felt that assessment programs were a fundamental duty of the institution, even though they may be difficult to implement (Burke & Associates, 2002). Also, Burke and Associates (2002) stated that many professors felt that the task of assessment is impossible while others believed that it was unnecessary. Roaden & Associates (1987) reported that a policy statement from the State Higher Education Executive Officers (SHEEO) acknowledged that a need existed for state-wide aims to be developed for assessment. SHEEO originally encouraged individual campuses to develop their own assessment programs and develop the requirements so that they would be specific to individual institutions.

El-Khawas (1995) determined that in 1991, ten campuses were participating in assessment activities; however, only ten percent or less of the faculty at the institutions were participating in these activities. Burke (1998) indicated that only 22 percent of the respondents who were surveyed in a 1997 survey of public baccalaureate level campuses described their assessment activity as extensive, 63 percent described it as limited, and 6 percent said that although the program existed on their campus no participation existed. This literature supports the fact that a gap clearly exists between the national acceptance of assessment activities and its limited impact on individual campuses.

Although, performance assessment was generally accepted, in theory, as an acceptable reform practice to hold higher education institutions accountable for their students, it did not adequately identify the intended results of undergraduate education. Burke and Associates (2002) provides that individual campuses embraced autonomy and shunned the notion of accountability. Many state mandated assessment programs included the dual objectives of external accountability and institutional improvement; however, they did not provide much direction on how to achieve the intended goals. Therefore, many American campuses had difficulty satisfying both objectives. Individual campuses had difficulty developing acceptable means of evaluating institutional performance and demonstrating that public campuses were meeting student needs (Burke & Associates, 2002). Although several institutions were able to develop assessment reports, the reports were marginal at best and a colossal failure at worse. The above, coupled with the fact that state governors and legislatures found that the major problem

with the assessment reports was an inability to compare the results amongst institutions, caused the popularity of performance assessment to decline near the end of the 1980s.

### *Performance Reporting*

The inability to compare campus results between institutions, reduced revenues in state coffers, and the rising costs of higher education all served as catalysts for states to mandate performance reporting. Performance reporting became an acceptable response to external criticisms of higher education institutions and systems. Performance funding was intended to make public colleges and universities responsive to the needs of students and other higher education stakeholders. A 1998 SHEEO study on performance reporting stated that:

State – level accountability and the use of performance measures have been touchstones of the 1990s. In state after state, legislators have directed all government entities, including public higher education, to state their goals and activities more explicitly and report results as a form of accountability. Many state higher education agencies have adopted performance measures in a response to these accountability demands (Christal, 1998, p. vii).

Prior to the 1990s, only three states had state mandated accountability performance reports. Tennessee mandated that the reports be produced in 1984, followed by Oklahoma and South Carolina in 1988. However, Christal (1998) reported that 23 states were participating in some type of performance reporting by 1996. Performance reporting is more efficient than performance assessment (Burke & Associates, 2002), due

largely to the fact that performance reporting possesses a component that requires comparability between individual institutions. It is important to note that when compared, reports are only compared to institutions of similar size, mission, academic program offerings, and admission requirements.

The new state performance reporting requirements addressed the issues of the accessibility, efficiency, productivity, and quality of public colleges and universities (Burke & Associates, 2002). Blumenstyk (1991) indicated that many of the mandated state performance reporting programs reward institutions with increased fiscal autonomy, provided the institutions submit performance reports that indicate that positive results have been achieved. Generally, the state legislatures or higher education coordinating boards provide senior level institutional personnel with a list of prescribed statewide performance indicators for all public colleges and universities. The indicators for performance reporting differ from the indicators used in assessment, in the fact that the performance reporting indicators accent results; as opposed to only focusing on processes. Performance reporting measures results rather than inputs.

In most cases, the performance reports contained information that focused on undergraduate education programs (Ruppert, 1998). Statewide performance reporting requirements expanded the original goals of institutional improvement and external accountability by including the identification of state needs as a component (Ruppert, 1994). Assessment focused on institutional improvement and had good intentions of ensuring accountability; unfortunately, it failed miserably to yield the desired results.

However, performance reporting possessed the ability to focus on accountability and institutional improvement (Burke & Associates, 2002).

Performance reports that contained information about public colleges and universities were originally intended to be used only by state government. However, in the 1990s, performance reports were made available to the public. Students, parents, businesses, schools, and the media began to use the performance reports as guides for information on public colleges and universities (Ruppert, 1998). Performance reports were essentially being used as consumer reports. This trend gave way to the customer-centered and marketing focus of students being customers of higher education.

The report cards that were generated for public K-12 schools and systems served as a template for the performance reporting model. The main difference being the omission of standardized test scores on the higher education performance reports. Higher education performance reports are published annually or biannually. Christal (1998) declared that performance reports illustrate the performance of public colleges and universities. Although performance reports included both qualitative and quantitative data, Burke and Associates (2002) indicated that the majority of the reports were mainly composed of quantitative data, including graphs, charts, tables, and statistics.

The performance reports were often criticized because several of them were hundreds of pages long. Critics argued that although the reports may contain useful information about the performance of institutions, the important basic data was hard to locate within the mix of all of the minute details. Several states mandated that their

reports be composed in a specific manner. For instance, California and South Carolina compiled large reports that only presented data by institutional types, such as: (1) research universities, (2) comprehensive universities, and (3) two-year college campuses. Therefore, one cannot view results by specific campuses in those states (Burke & Associates, 2002).

Performance reporting was well received by state government and external stakeholders; however, academicians and other institutional personnel had opposition to the reports. Burke and Associates (2002) reported that many academicians felt that reporting performance results was a violation of campus autonomy over educational affairs. Graham, Lyman, and Trow (1996) in their essay, "An Essay on Accountability," acknowledged "that there are persistent pathologies in academic life, violations of its own norms and of society's reasonable expectations of colleges and universities" (p. 12). These scholars provide, in their essay, a template for internal reform on individual campuses to include process audits to provide public evidence of quality control (Burke & Associates, 2002).

However, the model that these scholars provide requires public trust. Burke and Associates (2002) suggested that external trust of the academic community was low and the need for public persuasion was high. The fact that it is impossible to keep external and internal assessments apart from one another compounded this problem (Burke & Associates, 2002). Moreover, external critics were not likely to accept an audit of the accountability process conducted solely by the academic community. External critics were likely to demand public performance reports that provided an unbiased view of the

performance of individual campuses; credible evidence must be produced to indicate that the level of institutional performance of the campuses is worthy of the state's investment of tax dollars. Therefore, the internal process audits could not provide a demonstrable pattern of results on priority objectives.

Unfortunately, no known nationally conducted study exists on the use of performance reporting. Bogue, Creech, and Folger (1993) noted that a 1993 analysis from the Southern Regional Education Board (SREB) in 12 states concluded that no study has examined the impact of performance reporting in state capitols and on public college and university campuses. Moreover, Burke and Associates (2002) provided that several state leaders and institutional policy makers have all too often ignored the results of the performance reports once they have been generated. Very few entities have responded to the information contained in the reports. Burke and Associates (2002) expressed that "hope for the performance results rested on the logical, but apparently mistaken, assumption that merely reporting the results of higher education would improve performance" (p. 14). It is possible that performance reporting has not garnered the intended results because there are no fiscal consequences for ignoring nor even calculating the results of performance reporting. Initiatives that do not possess fiscal consequences are often times ignored in the state legislatures and on public college and university campuses (Burke & Associates, 2002). However, an initiative that impacts an institution's budget may be received more seriously and acted upon annually.

*Performance Funding: A Policy Alternative*

Kingdon's (1995) theory asserted that linking state appropriated funds to campus performance is an attractive policy, a policy that would yield positive results from the individual campuses. Burke and Associates (2002) denoted that:

performance funding ties tightly specific resources to institutional results on each of the designated indicators. The tie is automatic and formulaic. If a campus achieves a set target on a designated indicator, it receives a specific amount of performance money for that measure. Performance funding focuses on the distribution phase of the budget process (p. 21).

Funding for public higher education was still on the decline by the mid 1990s and state systems and legislatures had to implement a program that would encourage institutions to vie for additional funds to aid their respective campuses to function more efficiently. Burke and Associates (2002) stated that funding institutions for performance fit well with the current trend of reinventing government and reengineering businesses. External criticism about performance and productivity in higher education coupled with the rising costs that stifle access, helped policy boards and legislatures to move the idea of performance funding forward. At this point, policy leaders throughout the country needed to identify a policy that focused on improving performance, increasing productivity, and reducing or maintaining costs. As a result, many states began to implement a performance funding program. However, not all states that had a performance funding policy were using identical methods. Several states developed their

own versions of performance funding, versions that seemingly would best serve their respective states.

Although forty percent of the states have implemented a performance funding program, performance funding has maintained its traditional characteristic of being both popular and unstable (Burke & Minassians, 2001). Burke and Lessard (2000) reported that the number of states that used performance funding programs increased from 10 to 19 from 1997 to 2000; however, five of those same states opted out of the program within the same period. By abandoning their programs in such a short period of time, these five states have provided evidence that the performance funding program is: (1) easier to implement than maintain and (2) more desirable in theory than it is in actual practice (Burke & Associates, 2002). Even though these five states have abandoned their performance funding programs it has not totally discouraged other states from using a performance funding program. In 2001, the following states had a performance funding program in place: (1) Arkansas, (2) California, (3) Colorado, (4) Connecticut, (5) Florida, (6) Idaho, (7) Illinois, (8) Kansas, (9) Louisiana, (10) Missouri, (11) New Jersey, (12) New York, (13) Ohio, (14) Oregon, (15) Pennsylvania, (16) South Carolina, (17) South Dakota, (18) Tennessee, and (19) Texas.

### *Performance Funding Indicators*

Indicators are used by colleges, universities, state legislators, coordinating, governing, and policy board officials, and ultimately the general public to determine the productivity and performance of individual institutions. The information that is provided

by each indicator is compiled in a report and used to provide public colleges and universities with additional financial state support based on the rate at which the indicators are met. The most common performance funding indicators used by most states are: (1) graduation rates, (2) transfer rates, (3) faculty workload/productivity, (4) follow-up satisfaction studies, (5) external sponsored research funds, (6) remediation activities, (7) pass rates on licensure exams, (8) degrees awarded, (9) placement data on graduates, (10) total student credit hours, (11) admission standards/measures, and (12) total number and percent of accredited programs. The indicators that are used to fund performance provide valuable information about the priorities of the persons charged with making the policies for higher education (Burke & Associates, 2002).

Performance funding indicators are described as a policy relevant statistic that provides “a concrete piece of information about a condition or result of a public action that is regularly produced, publicly reported, and systematically used for planning, monitoring, or resource allocation...” (Ewell & Jones, 1994, p. 6-7). Selecting performance funding indicators is a difficult and controversial task for policy makers, mainly because it is difficult to develop a one size fits all policy for all of the public colleges and universities within one state. Performance funding indicators rarely measure directly the campus performance on the priority results of higher education institutions or the actual impact on students, states, and society as a whole (Burke & Associates, 2002). Additionally, the selection of performance funding indicators is difficult because higher education is inherently a complex entity that possesses multiple goals, delivered by various types of institutions with various missions that admit students with different

levels of academic preparedness. Therefore, selecting indicators that are equitably applicable at all campuses is difficult at best, nearly impossible at worst.

Given this set of circumstances, performance indicators can only provide higher education stakeholders with an idea that suggests how well an institution may be performing. Burke and Associates (2002) expressed that; although, indicators are difficult to apply equitably to campuses; at this point, indicators have been identified as a viable and plausible medium to identify performance. The new accountability for public higher education will not accept higher education as an unquestioned public good. Therefore, indicators are needed to assess the progress of public colleges and universities and the systems that govern them. Burke and Associates (2002) suggested that performance indicators should use the following principles to garner institutional acceptance and external support: (1) appear clear and credible, (2) exhibit validity and reliability, (3) show internal consistency, (4) seem fair and equitable to all institutions, (5) evaluate only performance influenced by institutional efforts, (6) rely more on outcomes and outputs than on inputs and processes, (7) produce measurable and auditable data, not subject to manipulation, (8) use available, or economically collectable, data (9) relate to planning goals and strategies, (10) allow differences in institutional missions and types, and (10) remain stable long enough to give institutions time to respond (Ashworth, 1994; Board of Governors, 1997; Ewell & Jones, 1994).

Additional problems associated with performance funding indicators are the measurement of outputs and outcomes. In some instances outcomes do not rest solely with the efforts of institutional personnel. For instance, graduation rates and job

placement rates are often out of the campuses control. The ability of a student to graduate in a reasonable amount of time or to secure gainful employment upon graduation is largely dependent on the effort of that student and/or economic conditions. If there is a shortage of job opportunities within a certain geographical location, the use of certain performance indicators can negatively affect an institution, due to no fault of the institution. The most prevalent of all criticisms of performance funding indicators is the criticism of the time, effort, and cost of the data collection that is required to report on each indicator. Borden and Banta (1994) and Gaither, Neal, & Nedwek (1995) provide that the unique characteristics of higher education make assessing the results difficult, if not impossible.

#### *Overall Impact on the Campuses*

It is evident that campus perceptions of performance funding policies provide imperative information as to how successful the program will be on individual campuses. Although the persons who develop the policies and those who make the laws put the programs in place, it is ultimately the institutional administrators who can cause performance funding to succeed or fail (Burke & Lessard, 2000). Professors are responsible for creating and maintaining the programs that performance funding programs are designed to improve. The impact of performance funding on the campuses is also largely dependent on how willing the institutional officials are to accept the implications that performance funding may have on the respective campuses.

Performance results can potentially influence campus decisions and can impact institutional objectives.

Burke and Lessard (2000) reported that the majority of higher education officials who were asked about their perceptions of the overall impact of performance funding on campuses, indicated that performance funding has had a minimal impact on most of the goals and objectives that are directly related to the functions of the faculty and staff. However, the officials indicated that performance funding has had a moderate impact on mission focus and administrative efficiency. Also, the officials denoted that the objectives largely controlled by senior administrators are the only areas that have been significantly impacted by performance funding programs. Therefore, it has been determined that performance funding programs do not have a singular impact on campus results in all areas. The impact of performance funding programs on a campus is largely dependent on the campus being evaluated and which specific area of the campus has been impacted, why and how.

Nationally, colleges and universities are being asked for more direct measures of student outcomes. National studies report recurring questions such as, “how much did students learn,” and “did they complete college prepared for employment?” Questions such as these resemble national debates regarding the assessment of general education outcomes, critical thinking skills, and student/alumni satisfaction. Faculty are often best suited to answer questions in regard to current pedagogical practices and to inform departments about advances in research that may impact curricula, which may in turn have a positive impact on campuses as it relates to performance funding. Without the

direct support of the faculty and their involvement with assessment, performance funding becomes nothing more than a sophisticated auditing exercise (Noland & Williams, 2004).

### Tennessee Performance Funding Experiences

In 1979, the state of Tennessee was the first state in the union to officially implement a performance funding program (Burke & Associates, 2002). The original funding for the program was provided through a grant from the Ford Foundation. Prior to its implementation there had been approximately five years of pilot and developmental work on performance funding policy. The developmental period included (1) the creation of pilot projects at ten campuses, (2) the advice and review of a state advisory committee, and (3) input from a national panel of higher education scholars and experts on fiscal policy (Burke & Associates, 2002). From 1979 until the present, Tennessee has continued to implement a performance funding program that has evolved every five years, (Dandridge-Johnson et al., 2004). Each revision has provided several policy shifts; the last one was in 2000. The shifts included changes in (1) the nature and number of performance indicators, (2) acceptable measures and evaluation standards for several of the performance indicators, and (3) the amount of state appropriated dollars to be earmarked for each institution (Burke & Associates, 2002).

Since the inception of the performance funding program in Tennessee, THEC, the coordinating board for higher education in Tennessee, has collaborated with public institutions, systems and governing board administrators, and regional advisory committees to determine the relevancy and responsiveness of the policy (Dandridge-

Johnson et al., 2004). During this period THEC has maintained the primary role in the development and implementation of the performance funding policy. In recent years, depleted state coffers have increased state-level accountability in higher education and the use of performance indicators have redefined relationships between governmental authorities and public higher education (Dandridge-Johnson et al., 2004). Historically, institutional leaders held the autonomy to move their institutions forward to meet the needs of the students and the immediate community. Changing times have altered the academic-legislative relationship (Alexander, 2000); legislators are now requiring reports from institutions that provide evidence of performance based on a minimum standard of satisfactory achievement.

#### *Current Tennessee Performance Funding Model*

The State of Tennessee has increased accountability awareness by establishing a series of initiatives based on measuring outcomes. The current performance funding program used in Tennessee involves the allocation of minimal portions of state appropriated dollars to public colleges and universities based on a small number of performance indicators. More specifically, the performance funding program provides public higher education institutions with an opportunity to earn an additional 5.45 percent above their current budget in the event said institutions are able to successfully satisfy a set of assessment criteria. The current 5.45 percent represents a 2.45 increase from the 2 percent of state appropriations that was previously allocated for the performance funding program.

To receive additional funding, institutions must: (1) obtain accreditation for all eligible academic programs; (2) test graduating students in their major fields and in the area of general education using standardized externally developed examinations, and, for additional credit, demonstrate that graduates are scoring at or above national averages on said tests; (3) survey presently enrolled students, recent graduates, and/or community members and/or employers to assess their satisfaction with the institution's academic programs and student services; (4) conduct peer reviews of its academic programs; and (5) clearly implement the results of the assessment criteria for campus improvements and programmatic revisions (THEC, 2000). Tennessee applies the performance funding policy to its 22 public colleges and universities, to include 9 universities and 13 two-year community colleges. The state of Tennessee has two governing systems of higher education (1) the Tennessee Board of Regents, with 6 universities and all of the community colleges, and (2) the Board of the University of Tennessee, with 3 universities.

#### *Changes in Tennessee's Performance Funding Policy Model*

Currently, the two primary goals of performance funding are accountability and improvement. The performance funding policy in Tennessee has been re-evaluated several times since its 1979 debut. The policy has been revised to respond to the changes in the needs of the citizens of the State of Tennessee, and ultimately the students being educated at public Tennessee colleges and universities. The needs of both the state and students are carefully identified through the continued relationship between THEC and

the public higher education institutions. THEC collaborates with the two systems of public higher education in the State of Tennessee, namely the Tennessee Board of Regents and the University of Tennessee systems, and other higher education stakeholders in an attempt to make informed recommendations to state legislators and other persons authorized to make policy decisions in higher education. The Tennessee experience with performance funding reveals that the program does not only promote access, it also fosters institutional and local government cooperation and the enhancement of research and development projects that support the public agenda (Noland & Williams, 2004).

The initiatives used during the first two cycles of performance funding focused mainly on teaching and learning, without giving any credence to its efficiency, productivity, or the relationship between performance funding and institutional and statewide planning goals (Dandridge-Johnson et al., 2004). As a result, some of the objectives of performance funding were met and others were omitted. In response to this problem, THEC emphasized the need to respond to both goals of higher education, accountability and improvement, simultaneously. In 1990, THEC adopted the following statement of purpose for the performance funding program in Tennessee:

The Performance Funding Program is designed to stimulate instructional improvement and student learning as institutions carry out their respective missions. Performance Funding is an incentive for meritorious institutional performance and provides the citizens of Tennessee, the Executive Branch of state government, the legislature, educational officials, and the faculty with the 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 (THEC, 1993, p. ii).

### *External and Internal Accountability in Tennessee*

Performance funding programs must balance the tension between external and internal accountability. External accountability uses performance data to document individual institutional progress such as: job placement rates, licensure scores, employee satisfaction with graduates, and general education and major area test scores. Internal accountability uses assessment data for curriculum development, programmatic change, and improving levels of student satisfaction. The complexity of the performance funding policy is heightened because the policy must have the ability to address the concerns of various entities. Therefore, it must be developed in a way that satisfies the agendas of all stakeholders of higher education; this is a difficult challenge. The statement that was developed by THEC in 1990 adequately addressed the accountability and improvement goals of higher education (Serban & Burke, 1998). It was through this statement that THEC made it clear that accountability was a major concern for Tennessee higher education.

Noland and Williams (2004) asserted that as Tennessee transitions into the twenty-first century, elected and appointed officials affiliated with the state's higher education system find themselves struggling with limited monetary resources during a

time of heightened public expectations and reliance upon governmental services. It is significant to note that in a time of severe financial shortcomings in Tennessee, institutions across the state have continued to offer a high quality education to their students. The growing number of students choosing to attend higher education institutions in Tennessee is indicative of this quality. In order for the state of Tennessee to continue to provide a high quality level of higher education opportunities to students, the state must maintain a policy that speaks to the needs of the state and the needs of the students.

#### *Assessment Driven Accountability*

Noland and Williams (2004) expressed that over the past decade, the assessment and improvement of student performance have been the focus of great discussion and efforts both within and external to colleges and universities. During that time there has been a progressive increase in the number of postsecondary institutions engaged in some form of student assessment policies. A considerable amount of faculty and administrative time and effort has been invested in promoting, supporting, and implementing student assessment. Postsecondary institutions in Tennessee and throughout the nation continue to search for appropriate and effective strategies for student assessment and for credible evidence to guide their efforts.

Burke and Modarresi (2000) indicated that although assessment driven accountability practices are popular amongst state legislators, they are not received well by institutional faculty and administrators. Although there are many proven institutional

benefits through performance funding, the perceptions of the program by institutional leaders and those who are charged with implementing the program may limit some of the benefits of the performance funding program. Noland and Davis (2000) declared that the policy makers in Tennessee are aware of the tension that exists between external (legislators) and internal (administrators, faculty, and staff) accountability in higher education. Therefore, in Tennessee, revisions to the existing policy have been made in an effort to adequately address both sides of the accountability issue to ensure that the performance funding program continues to survive and benefit Tennessee's public colleges and universities.

The procedure for funding public colleges has evolved over the past thirty years as a result of performance funding (Burke & Associates, 2002). Traditionally, Tennessee has used formula funding as the basic instrument for the equitable allocation of state appropriated dollars to public colleges and universities. However, enrollment driven formula funding does not consider the quality of education a student receives or the performance of the institution. Burke and Associates (2002) provided that the formula funding emphasizes how much and not how well. The performance funding model modifies the formula funding model based on enrollment by institutional performance on prescribed indicators.

#### *Assessment Criteria Revised*

Recently, the performance funding program policy in Tennessee has added a set of assessment criteria that focus on individual campuses internally, minimizing external

accountability. The primary objective of the recent revision to the performance funding program is to “bring performance funding, campus, governing board, and state-wide planning systems together on common cycles and calendars” (THEC, 2000, p.8). The implementation of this recent change has served as a catalyst to effect campus change and cultural support for campuses to incorporate assessment based initiatives into their existing curriculum (THEC, 2000). The implementation of this change has also facilitated the creation of performance funding goals that are directly tied to institutional missions and planning objectives, therefore improving the utilization of performance funding to encourage individual campuses to participate in institutional level assessment and planning activities (THEC, 2000). Burke (1998) suggested that the changes being made in performance funding programs is being fueled by the large growing criticism of higher education, in Tennessee and in the nation. These criticisms speak to the need for clear indicators of quality, productivity, and performance. McKeown (1996) described this phenomenon, the evolution of performance funding programs, as a public stand; demanding accountability for the state’s use of tax revenues.

Given this call for legislative and consumer accountability, the state of Tennessee has implemented an innovative policy designed to stimulate instructional improvement and student learning (Noland & Williams, 2004). The Performance Funding Program has proven to be an effective incentive for meritorious institutional performance at public colleges and universities across the state. It has provided the citizens of Tennessee, the legislative and executive branches of state government, education officials, and faculty with a means of assessing the progress of publicly funded higher education (Noland &

Williams, 2004). This program stimulates instructional improvement and student learning as institutions carry out their respective missions. By encouraging instructional excellence, this program contributes to continuing public support of higher education and complements academic planning, program improvement, legislative accountability, and student learning.

#### *Tennessee Performance Funding Indicators and Standards*

It is important to note that performance indicators and standards have been changed over the twenty plus year history of performance funding in Tennessee. Noland and Davis (2000) noted that the following changes have been implemented over the years: (1) the number of indicators moved from five to ten; (2) the indicators moved from a common set for all campuses to a set of different indicators for campuses based on their missions; and (3) the standard shifted from standards that focused only on institutional improvement to standards that considered performance of similar institutions that are located outside the state of Tennessee. The changes that have been implemented were done so to reflect the values of higher education representatives from campuses, governing board staffs, and coordinating board staff. The Tennessee performance standards for the fifth cycle (2000-2004) are: (1) Academic Testing and Program Review; (2) Satisfaction Studies; (3) Planning and Collaboration; and (4) Student Outcomes and Implementation.

*Strengths and Weaknesses of Tennessee's Performance Funding*

Bogue and Troutt (1980) suggested that performance funding seemingly does not favor various types of institutions. In its earliest stages of planning the performance funding policy attempted to honor institutional equity. The history of the performance funding cycle in Tennessee provides that most institutions in the state began to perform at higher levels once the policy had been implemented (Bogue & Troutt, 1980). Burke and Associates (2002) indicated that the performance funding policy's persistence for over twenty years may be accepted as partial evidence of its effectiveness. However, Burke and Associates (2002) also concluded that the length of time that a program has been implemented does not necessarily solidify the program's success. While contributing to Banta et al. (1996) and Noland and Davis (2000), this literature speaks to the perceived strengths and weaknesses of the performance funding program and its effect on Middle Tennessee college and university campuses. Burke and Associates (2002) stated that many scholars have begun to question the ability of the performance funding program to become more visible past the upper levels of campus administration. This literature provides insight on the extent to which the performance funding program in Tennessee has been able to heighten the awareness of accountability from a campus perspective.

In the study, "Changing Perceptions and Outcomes: The Tennessee Performance Funding Experience," the authors Dandridge-Johnson et al. (2004) analyzed the impacts of performance funding on public two-year colleges and four-year universities within the State of Tennessee. The "Changing Perceptions and Outcomes....." study includes data obtained from campus leaders and legislators regarding their perceptions of the strengths

and weaknesses of the performance funding program. The Dandridge-Johnson et al. (2004) study also reinforces the findings of Burke & Modarresi's (2000) similar study which suggested that a prominent factor in the performance funding program in Tennessee is its ability to address accountability concerns from the perspective of external stakeholders. Additionally, performance funding programs assist the institutions with the accreditation process.

The "Changing Perceptions and Outcomes....." study also indicated that performance funding encourages institutions to improve their performance because state officials and the public have access to institutional results. Also, with the results being public, institutions are potentially subject to their institution being statistically compared to and contrasted with an institution of similar size within the State of Tennessee. Dandridge-Johnson et al. (2004) provided that the level of acceptance of external and peer comparisons coupled with the identification of this policy element as a policy strength may reflect the long term impact of performance funding in Tennessee.

#### *Dissatisfaction and Satisfaction with Tennessee's Program*

Over 75 percent of higher education stakeholders in Tennessee perceived the performance funding program as satisfactory (Dandridge-Johnson et al., 2004). However, campus planning officers expressed a lesser degree of satisfaction with the performance funding program. In an effort to strengthen any perceived weaknesses, during the 2000-2005 revision of the performance funding program, THEC staff aligned the performance funding and institutional planning cycles to strengthen the relationship

between campus planning, assessment, and improvement. This was done in response to the negative responses received by higher education stakeholders in the State of Tennessee.

The stakeholders noted that performance funding provides critical resources for institutions to perform assessments of student progress, attitudes, educational achievement, and promoted universal program accreditation (Dandridge-Johnson et al., 2004). The following was provided by stakeholders to support the strengths of the performance funding program: (1) institutional improvement, (2) external accountability, (3) internal accountability, (4) funding incentive, (5) common statewide assessment tools and standards, (6) facilitation of peer review and comparison, (7) alignment with SACS standards, and (8) fostering collaboration amongst institutional departments. Several of the positive comments on performance funding include: (1) the program's history, acceptance, and network of support and participation are outstanding, (2) the program provides financial rewards for assessment efforts and creates opportunities for institutional advancement, (3) the program highlights factors other than institutional enrollment, and (4) the program contributes to a culture of assessment. Dandridge-Johnson et al. (2004) indicated that the higher education stakeholders contend that improving the quality of higher education in the State of Tennessee is the most commonly cited strength of the performance funding program. According to Tennessee stakeholders, external and internal accountability follow quality as a close second, in regard to performance funding program strengths. Also, the greatest differentiation amongst community college and university personnel leaders is the perceived value of the

academic peer review component of the program, followed closely by the funding incentive.

Dandridge-Johnson et al. (2004) expressed that although over 75 percent of stakeholders within the State of Tennessee perceived the performance funding program as satisfactory; a few noted that the program definitely has its flaws. Many stakeholders noted that the expense incurred by institutions to conduct a detailed assessment of their campuses in order to determine eligibility in the program is prohibitive. Banta et al. (1996) indicated that the performance funding program has indicators that assume that all institutions should be held to the same standards. The following was provided by stakeholders to support the weaknesses of the performance funding program: (1) the program promotes competition rather than collaboration amongst institutions, (2) the program is extremely expensive to implement and continual reductions in state appropriations makes it difficult for institutions to pay for the assessments, and (3) institutional missions are not considered when the standards for the program are being created. The faculty assessment tool was cited as being the most prominent weakness of the performance funding program. Additionally, many community college stakeholders cited the job placement standard as a weakness because it does not consider that a student that chooses not to work after graduation in the calculation. Many students that graduate from a community college may opt not to work in order to pursue baccalaureate level education full-time.

## CHAPTER III

### METHOD

#### Overview

Policy analysis is generally performed by researchers interested in determining the process by which policies are adopted and the effects of those policies once they are implemented (Majchrzak, 1984). One of the primary problems presented to policy researchers is the identification of policy differences between the entities that the policy affects, and understanding the factors that created these differences. To determine the cause of policy variance, researchers often depend upon case studies to discern the minutia of implementation that may promote policy variance at the development and implementation stages. Case study research can test and construct theory and provides an excellent methodology for exploring conceptual frameworks involving multiple variables (Miles & Huberman, 1984). In this integrated inquiry research study, a smaller pool will be the subject of the case study portion and a larger pool will be the subject of the surveys. Integrated inquiry is necessary to analyze and validate data.

#### Research Design

##### *Case Study Research*

The study of higher education policy is well suited to case study analysis and the evaluation of models of policy making (Lane, 1990). Case studies have been defined as

an empirical inquiry that investigates contemporary events when the boundaries between phenomena and context are not clearly evident (Yin, 1984). Also, case studies can be useful in the study of policy cycles because they can describe concrete instances of the process under study and they have a dynamic quality which would not be explored using static methods of observation that concentrate on one point in time (Kingdon, 1995). Case studies are also useful tools for answering the how and why questions of policy development over which the researcher has no control (Yin, 1990). This is especially relative to field research interviews, which allow the researcher to probe the interviewee for background issues that provide rich data (Dillman, 1978). Neuman (1997) indicated that field interviews allow the researcher to look for references to important events, individuals, feelings, and perceptions that may color predispositions on behalf of the respondent. This depth of understanding is not possible with simple, quantitative survey tools (Dillman, 1978).

### *Mixed Method Research*

One of the major strengths of this study is that it incorporates both qualitative and quantitative research strategies to illustrate a complete picture of the policy issue being examined. Research has determined that quality studies within the field of public policy tend to be thorough in their coverage of policy determinants, instruments, and context (Gordon, Lewis, & Young, 1977; Howlett & Ramesh, 1995). Through a mixed method model that combines the strengths of qualitative and quantitative research, this study obtains a broader conceptualization of the research question than single method studies.

The qualitative research method, elite interviews, is used as a parallel source of distinct, rich, and pertinent information that supports the findings of the quantitative analyses. Folch-Lyon and Trost (1981) concluded that multiple coverage research methodologies are often more capable of identifying diverse dimensions of human behavior than single research methodologies. By utilizing elite interviews and archival surveys, this research provides a detailed picture of stakeholders' perceptions of the performance funding policy currently being implemented in public colleges and universities in the state of Tennessee. These perceptions speak to the impact of the policy on individual campuses throughout the state.

#### Quantitative Research Questions

Over the years, there have been several research studies that have evaluated performance funding programs. However, this project differs from those because this study evaluates the perceptions of the higher education stakeholders who are responsible for implementing the performance funding program on the campuses of APSU, NSTCC, TSU, and VSCC. This study will seek to answer the following questions:

1. Is there a majority difference in the level of satisfaction of the performance funding program utilized at Tennessee campuses based on the type of institution?
2. What percentage of Tennessee institutions rate the impact of the performance funding program, under current standards as it relates to the campus academic climate, as good or excellent?

3. What percentage of Tennessee institutions rate the impact of the performance funding program, under current standards as it relates to the overall campus climate, as good or excellent?
4. Does performance funding work to promote the following policy initiatives: external accountability, legislative accountability, institutional accountability, and institutional improvement?
5. Based on the type of institution, which of the following standards: accreditation; alumni, employer, and student surveys; job placement; program review; and retention and persistence contribute to improvements in student learning?
6. Is satisfaction with the performance funding program at the university level predicted by the following variables: accreditation; alumni, employer, and student surveys; program review; retention and persistence; and state strategic planning goals?
7. Is satisfaction with the performance funding program at the college level predicted by the following variables: accreditation; alumni, employer, and student surveys; job placement; program review; retention and persistence; and state strategic planning goals?

#### Quantitative Research Hypotheses

1. There will be a majority difference in the level of satisfaction with the performance funding program based on the type of institution.

2. A majority number of Tennessee institutions will rate the impact of the performance funding program, under current standards as it relates to the campus academic climate, as good or excellent.
3. A majority number of Tennessee institutions will rate the impact of the performance funding program, under current standards as it relates to the overall campus climate, as good or excellent.
4. The majority of the respondents will indicate that performance funding does work to promote the following policy initiatives: external accountability, legislative accountability, institutional accountability, and institutional improvement.
5. The majority of the respondents will indicate that: accreditation; alumni, employer, and student surveys; job placement; program review; and retention and persistence have contributed to improvements in student learning.
6. Satisfaction with the performance funding program at the university level is predicted by the following variables: accreditation; alumni, employer, and student surveys; program review; retention and persistence; and state strategic planning goals.
7. Satisfaction with the performance funding program at the college level is predicted by the following variables: accreditation; alumni, employer, and student surveys; job placement; program review; retention and persistence; and state strategic planning goals.

### Quantitative Null Hypotheses

1. There will be no statistically significant differences in the level of satisfaction with the performance funding program based on the type of institution.
2. A majority number of Tennessee institutions will not rate the impact of the performance funding program, under current standards as it relates to the campus academic climate, as good or excellent.
3. A majority number of Tennessee institutions will not rate the impact of the performance funding program, under current standards as it relates to the overall campus climate, as good or excellent.
4. The majority of the respondents will not indicate that performance funding does work to promote the following policy initiatives: external accountability, legislative accountability, institutional accountability, and institutional improvement.
5. The majority of the respondents will not indicate that: accreditation; alumni, employer, and student surveys; job placement; program review; and retention and persistence have contributed to improvements in student learning.
6. There will be no statistically significant relationship in the participants' satisfaction with the performance funding program at the university level as predicted by the following variables: accreditation; alumni, employer, and student surveys; program review; retention and persistence; and state strategic planning goals.

7. There will be no statistically significant relationship in the participants' satisfaction with the performance funding program at the college level as predicted by the following variables: accreditation; alumni, employer, and student surveys; job placement; program review; retention and persistence; and state strategic planning goals

#### Qualitative Research Questions

1. What type of significant impact, if any, has performance funding had on APSU, NSTCC, TSU, and VSCC?
2. Based on professional experience and opinion, what strengths, liabilities, and suggestions regarding performance funding have been identified by administrative and academic personnel?
3. Describe the ways in which performance funding is an effective instrument to achieve accountability at APSU, NSTCC, TSU, and VSCC?
4. Does performance funding place external pressures on higher education to become more accountable to its funding sources, if so please explain?
5. What factors have contributed to the longevity of the performance funding program in Tennessee?
6. In your opinion has performance funding done a sufficient job of improving the overall quality of education at public colleges and universities in Tennessee, please explain?

7. What impact, if any, would discontinuing performance funding have on higher education in Tennessee?

The answers to these questions provide pertinent information that can be used by institutional stakeholders, legislators, students, parents, and state governing and/or coordinating boards to improve the current performance funding program in Tennessee.

## Participants

### *Survey Participants*

Due to the specialized nature of this research the author relied upon a focused sampling technique to select the participants for the study. The archival 2004 Performance Funding Survey (Appendix A) surveyed every chief academic officer, performance funding coordinator, and director of institutional research at each public college and university in Tennessee. The 2004 Performance Funding Survey was also distributed to 69 higher education leaders, including administrators, policy specialists, and elected officials in order to collect data from decision makers and other stakeholders regarding their perceptions of the strengths and weaknesses of performance funding. By surveying a broad based respondent pool, the researcher had the ability to obtain a representative sample of stakeholders' perceptions as they relate to Tennessee's performance funding initiative. There have been previous studies conducted that speak to the perceptions of performance funding in Tennessee; however, these studies focused on the perceptions of the twenty-three performance funding coordinators and each public college and university throughout the state (Dandridge-Johnson, Noland, & Skolits,

2004). Although campus coordinators possess in-depth knowledge of performance funding policies and procedures, it is reasonable to question whether all of the coordinators are familiar with the impact that external and campus-wide policy concerns have on the benefits of performance funding for individual campuses. Therefore, this study includes an expanded pool of survey respondents in an attempt to garner more inclusive results. The archival surveys were mailed and followed Dillman's (1978) Total Design Method. Due to the fairly high response rate from each category, the results provided an accurate illustration of the perceptions of stakeholders regarding the strengths and weaknesses of the performance funding program in Tennessee

#### *Elite Interview Participants*

The researcher interviewed the chief academic officers, performance funding coordinators, and directors of institutional research at four public colleges and universities in the middle Tennessee area. The institutions chosen include Austin Peay State University, Nashville State Technical Community College, Tennessee State University, and Volunteer State Community College. The researcher also interviewed several higher education coordinating board officials. Interviewees were granted strict confidentiality, except in the event permission was granted to use specific quotes. The stakeholders chosen to participate in this portion of the study were chosen by virtue of their positions within the college and/or university system and Tennessee's policy development staff. Additionally, the stakeholders who were chosen were involved with

the development and/or implementation of the performance funding program for higher education institutions in Tennessee.

### Instruments

#### *Stakeholders' Survey*

The surveys that were used in this study were developed and conducted by the Tennessee Higher Education Commission (THEC). The survey was developed to identify the needs of Tennessee's public colleges and universities related to performance funding and to advise decision makers on the planning for the upcoming 2005-2010 performance funding cycle. The primary purpose of the survey is to garner the opinions of elected officials. The results of the survey will assist with the development and revision of performance funding standards for the upcoming cycle.

#### *Elite Interviews*

To obtain insights about performance funding policy and how it is implemented, this research used elite interviews to gain a broader perspective of policy effectiveness. Canon and Johnson's (1999) model of judicial policy implementation is an excellent example of how elite interviews are often effective in the development of theories, particularly when core decision makers are a facet of the model. Elite interviews are a useful tool for scientists who are interested in an elite respondent's own interpretation of events or issues (Johnson & Joslyn, 1995). Typically, elite interviews are less structured

than conventional surveys because the situational circumstances of each interview session may often guide the discussion; therefore, each individual session may vary a great deal.

One of the central determinants of a successful study is clearly identifying the purpose of the study from its inception and ensuring that confidentiality is maintained for all participants (Johnson & Joslyn, 1995). This is expressed in the initial form solicitation letter (see Appendix B) that was mailed to all of the participants to solicit their participation. This letter provided each participant with information pertaining to the purpose of the study, specific research agendas, and assurances of confidentiality. The persons who wished to remain anonymous are referred to as administrator or state employee.

Each interview was conducted in person, using a structured set of questions (see Appendix C). These questions helped to guide the sessions to ensure that a constant set of identical questions were posed to each participant. However, this should not suggest that each session was held in the exact same manner without changes or deviations from the original order of questioning. Permitting deviations allowed the researcher greater flexibility than a formal rigid interview schedule and increased the usability of the information obtained from the sessions. Babbie (1990) suggested that recorded sessions often lead to an increased hesitancy on the part of respondents to speak freely; based on this information, the researcher opted not to tape the interview sessions. Additionally, Salant and Dillman (1994) indicated that a researcher with a writing pad and a pen does not pose as great of a threat as a researcher garnering a tape recorder.

Upon completion of the interview sessions, the notes were typed and distributed to the study participants for their approval. Participants were asked to sign an approval form verifying that the material was presented properly and that it honored the spirit and content of the session. The approval form was only reviewed by the researcher. Providing the respondents with an opportunity to finalize the results of what was said will help to further increase the reliability of the material that was used in the study and decrease the participant's apprehension. It is duly noted that several of the participants requested that the entirety of their interview remain anonymous, and that they not be identified as participants in the study. Thus, rather than identifying participants, a listing of the positional status of each participant is provided in Appendix D.

### Procedures

A portion of this study consisted of data collected from an archival survey conducted by THEC officials in January of 2004 and a portion consisted of data collected by the researcher. Thus, the study combines, both qualitative and quantitative research instruments in an effort to describe the policy issues that are relative to the use of performance funding in Tennessee's public colleges and universities. The researcher obtained permission from the appropriate THEC officials (see Appendix E) to use data from the 2004 Performance Funding Survey (Appendix A). The data was collected by THEC officials during the 2004 academic year. The instrument was coded and properly distributed by THEC officials and the results were made available to the researcher. The cover letter that was initially sent with the survey (Appendix F) explained the purpose of

the survey and the importance of the participant's willingness to complete and return the survey.

Additionally, the researcher conducted elite interviews that included chief academic officers, performance funding coordinators, directors of institutional research, and higher education coordinating board officials. These stakeholders were chosen to participate in this portion of the study by virtue of their positions within the college or university system and/or Tennessee's policy development staff. The researcher interviewed the chief academic officers, performance funding coordinators, and directors of institutional research at four public colleges and universities in the middle Tennessee area. The institutions chosen include Austin Peay State University, Nashville State Technical Community College, Tennessee State University, and Volunteer State Community College. Interviewees were granted strict confidentiality, except in the event permission was granted to use specific quotes. Additionally, the stakeholders that were chosen were involved with the development and/or implementation of the performance funding program for public higher education institutions in Tennessee.

#### Statistical Analysis of Data

The statistical instrumentation used in this study will describe higher education stakeholders' perceptions of the performance funding program in Tennessee. Descriptive statistics and frequencies were used along with data collected from the elite interviews to describe the stakeholders' perceptions of performance funding. The study sought to identify if there were any significant

differences between higher education stakeholders' perceptions of performance funding based on individual campus outcomes. The independent samples *t*-test was used to determine if college stakeholders' perceptions differ from the perceptions of university stakeholders. The independent samples *t*-test has the ability to test for significant differences between two samples or populations. Performance funding is the testing variable and institutional type is the grouping variable. The non-parametric crosstabulation was conducted to determine how participants rated the performance funding program's impact on various variables. The Multiple Analysis of Variance (MANOVA) was conducted to test for differences among multiple independent variables. The multiple linear regression analysis was conducted to identify which of the independent variables affect the dependent variables, stakeholders' satisfaction or non satisfaction. All tests were set at the .05 level of significance, which provided a confidence level of 95 percent.

## CHAPTER IV

### RESULTS

#### Overview

The purposes of this study were to (1) describe institutional stakeholders' perceptions of the utilization of performance funding in select Middle Tennessee colleges and universities, (2) to determine the extent to which the performance funding program in Tennessee has impacted select public colleges and universities in the Middle Tennessee area, and (3) to determine the level at which funds are equitably distributed. The institutions of interest included: Austin Peay State University (APSU), Nashville State Technical Community College (NSTCC), Tennessee State University (TSU), and Volunteer State Community College (VSCC). This study examined if the policy of tying funding to quality or performance had equal benefits for all four (4) institutions named in the study. The study incorporated the data collected from the archival survey, conducted by the Tennessee Higher Education Commission (THEC), and elite interviews to determine the effect the policy had on the various institutions. Additionally, the study determined whether differences exist in the perceptions of institutional stakeholders based on the type of institution. This chapter has descriptive information regarding the archival survey and elite interview participants and the results of the analysis of the data.

## Archival Survey Results

### *Null Hypotheses*

This section of the chapter will individually address the seven proposed null hypotheses.

#### Null Hypothesis 1:

*There will be no statistically significant differences in the level of satisfaction with the performance funding program based on the type of institution.*

An independent samples *t*-test was administered at the .05 level of significance, to determine differences in the level of satisfaction in regard to the performance funding program based on type of institution. Results revealed that no significant differences existed in the level of satisfaction in regard to the performance funding program based on type of institution. Results of the data, as displayed in Table 1, indicated that no statistically significant difference occurred at the .05 level of significance in the participants' level of satisfaction with the performance funding program based on type of institution.

Table 1

*Results of Unpaired t-test Regarding Differences in the Level of Satisfaction with the Performance Funding Program Based on the Type of Institution*

| Variables  | <i>n</i> | <i>M</i> | <i>df</i> | <i>t</i> | <i>p</i> |
|------------|----------|----------|-----------|----------|----------|
| University | 25       | 2.84     | 42        | .250     | .804     |
| College    | 19       | 2.79     |           |          |          |

It was concluded that based on the results of the independent samples  $t$ -test ( $t = .250, p = .804$ ), there were no statistically significant differences based on type of institution in regard to participants' level of satisfaction with the performance funding program. Because the  $p$ -value (.804) is greater than the .05 alpha level, the null hypothesis was retained. Based on the analysis of the data, there was not a majority difference found in the level of satisfaction with the performance funding program based on type of institution. The mean scores for both, university (2.84) and college (2.79), indicated that participants were satisfied with the performance funding program.

Null Hypothesis 2:

*A majority number of Tennessee institutions will not rate the impact of the performance funding program, under current standards as it relates to the campus academic climate, as good or excellent.*

A non-parametric crosstabulation was conducted to determine the number of participants who rated the impact of the performance funding program as good or excellent, under current standards as it relates to the campus academic climate. Results of the data, as displayed in Table 2, indicated that the majority of the participants rated the program as good based on type of institution.

Table 2

*Results of Non-Parametric Crosstabulation Regarding the Percentage Rate of Tennessee Institutions on the Impact of the Performance Funding Program, under Current Standards as it Relates to the Campus Academic Climate, as Good or Excellent*

| Variables  | n | Response Poor | Response Fair | Response Good | Response Excellent |
|------------|---|---------------|---------------|---------------|--------------------|
| University | 8 | 0 (0%)        | 0 (0%)        | 7 (88%)       | 1 (13%)            |
| College    | 8 | 0 (0%)        | 0 (0%)        | 7 (88%)       | 1 (13%)            |

Results of the data analysis revealed that seven (88%) of the participants rated the impact of the program as good compared to one (12%) of the participants who rated the program as excellent for both the university and college levels. Therefore, the null hypothesis was rejected because the majority of Tennessee institutions rated the impact of the performance funding program as it relates to campus academic climate as good.

Null Hypothesis 3:

*A majority number of Tennessee institutions will not rate the impact of the performance funding program, under current standards as it relates to the overall campus climate, as good or excellent.*

A non-parametric crosstabulation was conducted to determine the number of participants who rated the impact of the performance funding program as good or excellent, under current standards, as it relates to the overall campus climate. Results of the data, as displayed in Table 3, indicated that the majority of the participants rated the program as good based on type of institution.

Table 3

*Results of Non-Parametric Crosstabulation Regarding the Percentage Rate of Tennessee Institutions on the Impact of the Performance Funding Program, under Current Standards as it Relates to the Overall Campus Climate, as Good or Excellent*

| Variables  | N | Response<br>Poor | Response<br>Fair | Response<br>Good | Response<br>Excellent |
|------------|---|------------------|------------------|------------------|-----------------------|
| University | 8 | 0 (0%)           | 0 (0%)           | 8 (100%)         | 0 (0%)                |
| College    | 8 | 0 (0%)           | 0 (0%)           | 5 (83%)          | 1 (17%)               |

Results of the non-parametric crosstabulation revealed that all eight (100%) of the participants from the university level rated the impact of the performance funding program as good for the overall campus climate. Likewise, a majority of the participants at the college level rated the performance funding program as good (83%) and 17% rated the performance funding program as excellent. As a result, the null hypothesis was rejected because the majority of the institutions in Tennessee rated the performance funding program, as it relates to the overall campus climate, as good.

Null Hypothesis 4:

*The majority of the respondents will not indicate that performance funding does work to promote the following policy initiatives: external accountability, legislative accountability, institutional accountability, and institutional improvement.*

A non-parametric crosstabulation was conducted to determine if the performance funding program worked to promote the following policy initiatives based on type of institution. The policy initiatives include: external accountability, legislative

accountability, institutional accountability, and institutional improvement. Participants were asked to rate each policy initiative from strongly disagree to strongly agree. Results of the analysis, as displayed in Tables 4a through 4d, indicated that the majority of the institutions were in agreement that performance funding does work to promote said policy initiatives, based on type of institution.

Table 4a

*Results of Non-Parametric Crosstabulation Regarding the Participants' Rating that Performance Funding Does Work to Promote External Accountability Based on Type of Institution*

| Variables  | <i>n</i> | Strongly Disagree | Disagree | Agree    | Strongly Agree |
|------------|----------|-------------------|----------|----------|----------------|
| University | 24       | 1 (4%)            | 1 (4%)   | 17 (71%) | 5 (21%)        |
| College    | 18       | 0 (0%)            | 1 (5%)   | 12 (67%) | 5 (28%)        |

Results of the non-parametric crosstabulation revealed that 92% of the respondents at the university level agreed that the performance funding program does work to promote external accountability. Ninety-five percent of the college level respondents agreed that the performance funding program does work to promote external accountability. As a result of the non-parametric crosstabulation, the null hypothesis was rejected because the majority of university and college respondents indicated that the performance funding program does work to promote external accountability.

Table 4b

*Results of Non-Parametric Crosstabulation Regarding the Participants' Rating that Performance Funding Does Work to Promote Legislative Accountability Based on Type of Institution*

| Variables  | <i>n</i> | Strongly Disagree | Disagree | Agree    | Strongly Agree |
|------------|----------|-------------------|----------|----------|----------------|
| University | 22       | 0 (0%)            | 5 (23%)  | 12 (54%) | 5 (23%)        |
| College    | 17       | 0 (0%)            | 4 (23%)  | 10 (59%) | 3 (18%)        |

Results of the non-parametric crosstabulation revealed that 77% of the respondents at the university level agreed that the performance funding program does work to promote legislative accountability. Also, seventy-seven percent of the college level respondents agreed that the performance funding program does work to promote legislative accountability. The null hypothesis was rejected because the majority of university and college respondents indicated that the performance funding program does work to promote legislative accountability.

Table 4c

*Results of Non-Parametric Crosstabulation Regarding the Participants' Rating that Performance Funding Does Work to Promote Institutional Accountability Based on Type of Institution*

| Variables  | <i>n</i> | Strongly Disagree | Disagree | Agree    | Strongly Agree |
|------------|----------|-------------------|----------|----------|----------------|
| University | 23       | 2 (8%)            | 5 (22%)  | 13 (57%) | 3 (13%)        |
| College    | 18       | 1 (7%)            | 3 (17%)  | 11 (59%) | 3 (17%)        |

Results of the non-parametric crosstabulation revealed that 70% of the respondents at the university level agreed that the performance funding program does work to promote institutional accountability. Seventy-six percent of the college level respondents agreed that the performance funding program does work to promote institutional accountability. The null hypothesis was rejected because the majority of university and college respondents indicated that the performance funding program does work to promote institutional accountability.

Table 4d

*Results of Non-Parametric Crosstabulation Regarding the Participants' Rating that Performance Funding Does Work to Promote Institutional Improvement Based on Type of Institution*

| Variables  | <i>n</i> | Strongly Disagree | Disagree | Agree    | Strongly Agree |
|------------|----------|-------------------|----------|----------|----------------|
| University | 24       | 2 (8%)            | 3 (12%)  | 15 (63%) | 4 (17%)        |
| College    | 19       | 1 (5%)            | 0 (0%)   | 14 (74%) | 4 (21%)        |

Results of the non-parametric crosstabulation revealed that 80% of the respondents at the university level agreed that the performance funding program does work to promote institutional improvement. Ninety-five percent of the college level respondents agreed that the performance funding program does work to promote institutional improvement. The null hypothesis was therefore rejected because the majority of respondents from both university and college levels indicated that the performance funding program does work to promote institutional improvement. However, college personnel had a higher percentage rating as compared to respondents from the university level.

Null Hypothesis 5:

*The majority of the respondents will not indicate that: accreditation; alumni, employer, and student surveys; job placement; program review; and retention and persistence have contributed to improvements in student learning.*

For null hypothesis five, both an internal and an external analysis were conducted to determine which standards have contributed to improved student learning using various dependent variables based on type of institution. The dependent variables included: accreditation; alumni, employer, and student surveys; job placement; program review; and retention and persistence. A non-parametric crosstabulation was employed to determine the external analysis (Tables 5a through 5g) and a Multivariate Analysis of Variance (MANOVA) was used to determine the internal analysis (Table 6). The MANOVA test was administered at the .05 level of significance. Results of the MANOVA test indicated that no statistically significant differences exist between independent variables as related to each standard that contributed to the improvement of student learning based on type of institution (Table 6). Participants from the community colleges and the four year institutions had similar perceptions on which standards contributed to the improvement in student learning.

Table 5a

*Results of Non-Parametric Crosstabulation Regarding the Participants' Rating that Accreditation Has Contributed to Improvements in Student Learning Based on Type of Institution*

| Variables  | <i>n</i> | Very Poor Measure | Poor Measure | Adequate Measure | Good Measure | Outstanding Measure |
|------------|----------|-------------------|--------------|------------------|--------------|---------------------|
| University | 24       | 0 (0%)            | 1 (4%)       | 3 (13%)          | 13 (54%)     | 7 (29%)             |
| College    | 19       | 1 (5%)            | 0 (0%)       | 3 (16%)          | 11 (58%)     | 4 (21%)             |

Results of the non-parametric crosstabulation revealed that 96% of the respondents at the university level agreed that accreditation was an adequate to outstanding measure that contributed to the improvement of student learning. Of the 96% of the university level respondents, 13% rated accreditation as an adequate measure, 54% reported that accreditation was a good measure, and 29% rated accreditation as an outstanding measure. Ninety-five percent of the college level respondents agreed that accreditation was an adequate to outstanding measure that contributed to the improvement of student learning. Of the 95% of the college level respondents, 16% rated accreditation as an adequate measure, 58% reported that accreditation was a good measure, and 21% rated accreditation as an outstanding measure. The null hypothesis was rejected because the majority of university and college level personnel rated accreditation as a good measure.

Table 5b

*Results of Non-Parametric Crosstabulation Regarding the Participants' Rating that Alumni Surveys have Contributed to Improvements in Student Learning Based on Type of Institution*

| Variables  | <i>n</i> | Very Poor Measure | Poor Measure | Adequate Measure | Good Measure | Outstanding Measure |
|------------|----------|-------------------|--------------|------------------|--------------|---------------------|
| University | 24       | 1 (4%)            | 1 (4%)       | 4 (16%)          | 15 (63%)     | 3 (13%)             |
| College    | 19       | 0 (0%)            | 5 (26%)      | 4 (21%)          | 8 (42%)      | 2 (11%)             |

Results of the non-parametric crosstabulation revealed that 92% of the respondents at the university level agreed that alumni surveys were an adequate to outstanding measure that contributed to the improvement of student learning. Of the 92% of the university level respondents, 16% rated alumni surveys as an adequate measure, 63% reported that alumni surveys were a good measure, and 13% rated alumni surveys as an outstanding measure. Seventy-four percent of the college level respondents agreed that alumni surveys were an adequate to outstanding measure that contributed to the improvement of student learning. Of the 74% of the college level respondents, 21% rated alumni surveys as an adequate measure, 42% reported that alumni surveys were a good measure, and 11% rated alumni surveys as an outstanding measure. Therefore, the null hypothesis was rejected because the majority of university and college level personnel rated alumni surveys as a good measure.

Table 5c

*Results of Non-Parametric Crosstabulation Regarding the Participants' Rating that Employer Surveys have Contributed to Improvements in Student Learning Based on Type of Institution*

| Variables  | <i>n</i> | Very Poor Measure | Poor Measure | Adequate Measure | Good Measure | Outstanding Measure |
|------------|----------|-------------------|--------------|------------------|--------------|---------------------|
| University | 23       | 2 (9%)            | 1 (4%)       | 5 (22%)          | 13 (57%)     | 2 (8%)              |
| College    | 19       | 1 (5%)            | 4 (21%)      | 4 (21%)          | 7 (37%)      | 3 (16%)             |

Results of the non-parametric crosstabulation revealed that 87% of the respondents at the university level agreed that employer surveys were an adequate to outstanding measure that contributed to the improvement of student learning. Of the 87% of the university level respondents, 22% rated employer surveys as an adequate measure, 57% reported that employer surveys were a good measure, and 8% rated employer surveys as an outstanding measure. Seventy-four percent of the college level respondents agreed that employer surveys were an adequate to outstanding measure that contributed to the improvement of student learning. Of the 74% of the college level respondents, 21% rated employer surveys as an adequate measure, 37% reported that employer surveys were a good measure, and 16% rated employer surveys as an outstanding measure. The null hypothesis was rejected because the majority of university and college level personnel rated employer surveys as a good measure.

Table 5d

*Results of Non-Parametric Crosstabulation Regarding the Participants' Rating that Student Surveys have Contributed to Improvements in Student Learning Based on Type of Institution*

| Variables  | <i>n</i> | Very Poor Measure | Poor Measure | Adequate Measure | Good Measure | Outstanding Measure |
|------------|----------|-------------------|--------------|------------------|--------------|---------------------|
| University | 24       | 1 (4%)            | 2 (8%)       | 5 (21%)          | 12 (50%)     | 4 (17%)             |
| College    | 19       | 0 (0%)            | 2 (10%)      | 7 (37%)          | 8 (42%)      | 2 (11%)             |

Results of the non-parametric crosstabulation revealed that 88% of the respondents at the university level agreed that student surveys were an adequate to outstanding measure that contributed to the improvement of student learning. Of the 88% of the university level respondents, 21% rated student surveys as an adequate measure, 50% reported that student surveys were a good measure, and 17% rated student surveys as an outstanding measure. Ninety percent of the college level respondents agreed that student surveys were an adequate to outstanding measure that contributed to the improvement of student learning. Of the 90% of the college level respondents, 37% rated student surveys as an adequate measure, 42% reported that student surveys were a good measure, and 11% rated student surveys as an outstanding measure. The null hypothesis was rejected because the majority of university and college level personnel rated student surveys as a good measure.

Table 5e

*Results of Non-Parametric Crosstabulation Regarding the Participants' Rating that Job Placement has Contributed to Improvements in Student Learning Based on Type of Institution*

| Variables  | <i>n</i> | Very Poor Measure | Poor Measure | Adequate Measure | Good Measure | Outstanding Measure |
|------------|----------|-------------------|--------------|------------------|--------------|---------------------|
| University | 23       | 5 (22%)           | 2 (9%)       | 7 (30%)          | 7 (30%)      | 2 (9%)              |
| College    | 19       | 5 (26%)           | 2 (11%)      | 5 (26%)          | 5 (26%)      | 2 (11%)             |

Results of the non-parametric crosstabulation revealed that 69% of the respondents at the university level agreed that job placement was an adequate to outstanding measure that contributed to the improvement of student learning. Of the 69% of the university level respondents, 30% rated job placement as an adequate measure, 30% reported that job placement was a good measure, and 9% rated job placement as an outstanding measure. Sixty-three percent of the college level respondents agreed that job placement was an adequate to outstanding measure that contributed to the improvement of student learning. Of the 63% of the college level respondents, 26% rated job placement as an adequate measure, 26% reported that job placement was a good measure, and 11% rated job placement as an outstanding measure. The null hypothesis was rejected because the majority of university and college level personnel rated job placement as a good measure.

Table 5f

*Results of Non-Parametric Crosstabulation Regarding the Participants' Rating that Program Review has Contributed to Improvements in Student Learning Based on Type of Institution*

| Variables  | <i>n</i> | Very Poor Measure | Poor Measure | Adequate Measure | Good Measure | Outstanding Measure |
|------------|----------|-------------------|--------------|------------------|--------------|---------------------|
| University | 23       | 0 (0%)            | 1 (4%)       | 1 (4%)           | 12 (53%)     | 9 (39%)             |
| College    | 19       | 0 (0%)            | 2 (11%)      | 1 (5%)           | 11 (58%)     | 5 (26%)             |

Results of the non-parametric crosstabulation revealed that 96% of the respondents at the university level agreed that program review was an adequate to outstanding measure that contributed to the improvement of student learning. Of the 96% of the university level respondents, 4% rated program review as an adequate measure, 53% reported that program review was a good measure, and 39% rated program review as an outstanding measure. Eighty-nine percent of the college level respondents agreed that program review was an adequate to outstanding measure that contributed to the improvement of student learning. Of the 89% of the college level respondents, 5% rated program review as an adequate measure, 58% reported that program review was a good measure, and 26% rated program review as an outstanding measure. The null hypothesis was rejected because the majority of university and college level personnel rated program review as a good measure.

Table 5g

*Results of Non-Parametric Crosstabulation Regarding the Participants' Rating that Retention and Persistence has Contributed to Improvements in Student Learning Based on Type of Institution*

| Variables  | <i>n</i> | Very Poor Measure | Poor Measure | Adequate Measure | Good Measure | Outstanding Measure |
|------------|----------|-------------------|--------------|------------------|--------------|---------------------|
| University | 23       | 2 (9%)            | 3 (13%)      | 4 (17%)          | 6 (26%)      | 8 (35%)             |
| College    | 19       | 1 (5%)            | 5 (27%)      | 4 (21%)          | 8 (42%)      | 1 (5%)              |

Results of the non-parametric crosstabulation revealed that 78% of the respondents at the university level agreed that retention and persistence was an adequate to outstanding measure that contributed to the improvement of student learning. Of the 78% of the university level respondents, 17% rated retention and persistence as an adequate measure, 26% reported that retention and persistence was a good measure, and 35% rated retention and persistence as an outstanding measure. Sixty-eight percent of the college level respondents agreed that retention and persistence was an adequate to outstanding measure that contributed to the improvement of student learning. Of the 68% of the college level respondents, 21% rated retention and persistence as an adequate measure, 42% reported that retention and persistence was a good measure, and 5% rated retention and persistence as an outstanding measure. The null hypothesis was rejected because the majority of university and college level personnel rated retention and persistence as a good measure.

Table 6

*Results of Multivariate Analysis of Variances Regarding Participants' Mean Scores of which Factors have Contributed to Improvements in Student Learning Based on Type of Institution*

| Variables                 | Type of Institution | <i>n</i> | <i>M</i> |
|---------------------------|---------------------|----------|----------|
| Accreditation             | University          | 21       | 4.24     |
|                           | College             | 19       | 3.89     |
| Alumni                    | University          | 21       | 3.76     |
|                           | College             | 19       | 3.37     |
| Employer Survey           | University          | 21       | 3.52     |
|                           | College             | 19       | 3.37     |
| Student Survey            | University          | 21       | 3.71     |
|                           | College             | 19       | 3.53     |
| Job Placement             | University          | 21       | 3.05     |
|                           | College             | 19       | 3.63     |
| Program Review            | University          | 21       | 4.29     |
|                           | College             | 19       | 4.00     |
| Retention and Persistence | University          | 21       | 3.62     |
|                           | College             | 19       | 3.16     |

Multivariate Table (Pillai's Trace)

| Source              | Value | <i>F</i>           | Hypothesis <i>df</i> | Error <i>df</i> | <i>p</i> |
|---------------------|-------|--------------------|----------------------|-----------------|----------|
| Type of Institution | .226  | 1.331 <sup>a</sup> | 7.00                 | 32.00           | .268     |

Table 6 continued

## Test of Between Subjects Effects Based on Type of Institution

| Variables               | Type III       |           |       |          |          |
|-------------------------|----------------|-----------|-------|----------|----------|
|                         | Sum of Squares | <i>df</i> | MS    | <i>F</i> | <i>p</i> |
| Accreditation           | 1.176          | 1         | 1.176 | 1.894    | .177     |
| Alumni                  | 1.544          | 1         | 1.544 | 1.620    | .211     |
| Employer Survey         | .241           | 1         | .241  | .192     | .664     |
| Student Survey          | .352           | 1         | .352  | .382     | .540     |
| Job Placement           | 3.402          | 1         | 3.402 | 2.849    | .100     |
| Program Review          | .814           | 1         | .814  | 1.177    | .285     |
| Retention & Persistence | 2.121          | 1         | 2.121 | 1.355    | .252     |

Accreditation and program review are the two prominent standards that influence the improvement in student learning based on type of institution. The university mean scores (4.24) for accreditation were higher as compared to the college mean scores (3.89) for accreditation. These mean scores suggested that both college and university personnel rated accreditation as a good measure to contribute to improvements in student learning. The university mean scores (4.29) for program review were slightly higher as compared to the college mean scores (4.00) for program review. The data suggested that both college and university personnel rated program review as a good measure. The participants indicated that the remaining five performance funding standards were adequate measures of improvements in student learning based on type of institution. Based on the analysis of the data ( $F = 1.331$ ,  $p = 2.68$ ) there were no statistically significant differences found among the various performance funding standards as they relate to improvements in student learning as the  $p$ -value was greater than the .05 alpha level; therefore, the null hypothesis was retained.

Null Hypothesis 6:

*There will be no statistically significant relationship in the participants' satisfaction with the performance funding program at the university level as predicted by the following variables: accreditation; alumni, employer, and student surveys; program review; retention and persistence; and state strategic planning goals.*

A Multiple Linear Regression Analysis was conducted to determine the participants' satisfaction with the performance funding program at the university level as predicted by the various variables: accreditation; alumni, employer, and student surveys; program review, retention and persistence; and strategic planning. The test was administered at the .05 level of significance. Results, as displayed in Table 7, revealed that there was no statistically significant relationship between participants' satisfaction with the performance funding program at the university level as predicted by the various variables.

Table 7

*Results of the Multiple Linear Regression Analysis Regarding Participants' Satisfaction with the Performance Funding Program at the University Level as Predicted by Various Variables*

| Model      | <i>R</i> | <i>R</i> <sup>2</sup> |
|------------|----------|-----------------------|
| University | .509     | .259                  |

ANOVA Table

| Model      | SS   | <i>Df</i> | MS   | <i>F</i> | <i>p</i> |
|------------|------|-----------|------|----------|----------|
| University |      |           |      |          |          |
| Regression | 2.02 | 7         | .289 | .698     | .673     |
| Residual   | 5.80 | 14        | .414 |          |          |
| Total      | 7.82 | 21        |      |          |          |

\*Significant at the 0.05 Alpha Level

Coefficient Table

| Model                     | Unstandardized Coefficients |            | Standardized Coefficients |          | <i>p</i> |
|---------------------------|-----------------------------|------------|---------------------------|----------|----------|
|                           | <i>B</i>                    | Std. Error | Beta                      | <i>t</i> |          |
| University (constant)     | 3.313                       | 1.258      |                           | 2.634    | .020     |
| Accreditation             | -.158                       | .280       | -.172                     | -.563    | .582     |
| Alumni                    | .173                        | .497       | .265                      | .349     | .732     |
| Employer Survey           | -.061                       | .172       | -.105                     | -.352    | .730     |
| Student Survey            | .095                        | .415       | .162                      | .228     | .823     |
| Program Review            | -.193                       | .213       | -.243                     | -.905    | .381     |
| Retention and Persistence | -.127                       | .125       | -.284                     | -1.014   | .328     |
| Strategic Planning        | .234                        | .141       | .458                      | 1.661    | .119     |

The test was administered at the .05 level of significance. Results, as displayed in Table 7, revealed that there was no statistically significant relationship between participants' satisfaction with the performance funding program at the university level, as predicted by the various variables because the data revealed that ( $F= .698$ ,  $P= .679$ ) is greater than .05.

Hypothesis 7:

*There will be no statistically significant relationship in participants' satisfaction with the performance funding program at the college level as predicted by the following variables: accreditation; alumni, employer, and student surveys; job placement; program review; retention and persistence; and state strategic planning goals.*

A Multiple Linear Regression Analysis was conducted to determine the participants' satisfaction with the performance funding program at the college level, as predicted by the various variables: accreditation; alumni, employer, student surveys; program review, retention and persistence, and strategic planning. It was administered at the .05 level of significance. Results, as displayed in Table 8, revealed that there was a statistically significant relationship in participants' satisfaction with the performance funding program at the university level, as predicted by the various variables. The linear combination of the variables program review and retention and persistence were significant predictors of the college personnel's satisfaction level. Seventy-two percent of the variance in satisfaction level may be attributed to the predictor variables.

Table 8

*Results of the Multiple Linear Regression Analysis Regarding Participants' Satisfaction with the Performance Funding Program at the College Level is Predicted by Various Variables*

| Model      | <i>R</i> | <i>R</i> <sup>2</sup> |
|------------|----------|-----------------------|
| University | .851     | .724                  |

ANOVA Table

| Model      | SS   | <i>Df</i> | MS   | <i>F</i> | <i>p</i> |
|------------|------|-----------|------|----------|----------|
| University |      |           |      |          |          |
| Regression | 5.18 | 8         | .648 | 3.278    | .041*    |
| Residual   | 1.98 | 10        | .198 |          |          |
| Total      | 7.16 | 18        |      |          |          |

\*Significant at the 0.05 Alpha Level

Coefficient Table

| Model                     | Unstandardized Coefficients |            | Standardized Coefficients |          |          |
|---------------------------|-----------------------------|------------|---------------------------|----------|----------|
|                           | <i>B</i>                    | Std. Error | Beta                      | <i>t</i> | <i>p</i> |
| College (Constant)        | 1.561                       | .810       |                           | 1.928    | .083     |
| Accreditation             | .278                        | .138       | .413                      | 2.010    | .072     |
| Alumni                    | .144                        | .384       | .230                      | .374     | .716     |
| Employer Survey           | -.143                       | .131       | -.273                     | -1.094   | .300     |
| Student Survey            | -.074                       | .443       | -.099                     | -.167    | .870     |
| Job Placement             | .301                        | .182       | .396                      | 1.656    | .129     |
| Program Review            | -.396                       | .174       | -.554                     | -2.281   | .046*    |
| Retention and Persistence | .399                        | .121       | .676                      | 3.306    | .008*    |
| Strategic Planning        | -.108                       | .131       | -.165                     | -.824    | .429     |

\*Significant at the 0.05 alpha level.

It was concluded that there was a statistically significant relationship in participants' satisfaction with the performance funding program at the college level, as predicted by the various variables, as the results of the data revealed that ( $F = 3.278$ ,  $p = .041$ ) is less than .05. As a result of the data analysis, the null hypothesis was rejected because a statistically significant relationship was found for program review and retention and persistence.

## Elite Interview Results

### Overview

Fourteen administrators and/or policy makers were interviewed for the purpose of obtaining their perceptions of various facets of performance funding. The following sections provide a detailed account of the responses from the elite interview sessions. Through the use of contextual analysis, dominant themes and issue positions have been grouped together and presented for consideration. Each participant was asked a series of questions related to performance funding and its impact on public colleges and universities within Tennessee. An introductory question was posed, and an open discussion ensued. Although each interview session was unique, several common themes emerged, particularly with respect to the ability of performance funding to bring about positive changes and improvements in public higher education in Tennessee.

## Overall Impact of Performance Funding

### *Strengths of Performance Funding*

An overwhelming number of the respondents indicated that performance funding has played a large role in virtually all creditable programs in Tennessee's public colleges and universities achieving accreditation. One of the original authors (Policymaker B) of Tennessee's performance funding program noted that, "in 1979 only two-thirds of eligible programs were accredited." As Policy Maker C indicated, accreditation is extremely important to the public perception of the quality of educational programs that are provided at higher education institutions. Much of the reporting that is required for the various performance funding standards is the same information that must be submitted to the Southern Association of Colleges and Schools (SACS), the regional accrediting agency that provides institutional accreditation to all of the public higher education institutions in the state. Therefore, the majority of the respondents suggested that the reporting required to participate in performance funding assists institutional staff with the reaffirmation process from SACS and specialized program accreditations [i.e., the National Council for Accreditation of Teacher Education (NCATE) or the Association to Advance Collegiate Schools of Business (AACSB)].

Administrator D noted that performance funding has positively contributed to the academic climate in Tennessee institutions. Most participants agreed that the academic program reviews for performance funding help institutions to keep their focus while trying to improve institutional effectiveness. This institutional effectiveness (performance) is also encouraged by the institution's ability to receive a substantial

amount of money. The original name for performance funding, as provided by Policy Maker C, was instructional improvement. The name was changed to performance funding prior to the inception of the program; however, the original name accurately identifies the original intent of the program. All of the participants agreed that performance funding's original purpose was to improve the instruction that was being provided on Tennessee's public college and university campuses. The original authors of the performance funding program's idea of tying an incentive for improved performance to the existing funding formula was created out of a need to be more accountable to public funding sources.

Policy Maker G contended that the performance funding model developed and periodically revised in Tennessee has set a national trend by which other states in the nation can set policy as it relates to funding public colleges and universities. Additionally, performance funding has made it possible for the legislature and the general public to receive aggregate data as to how public colleges and universities are measuring up compared to their peer institutions. Administrator I indicated that, "performance funding standards force institutions to think toward continuous improvement."

#### *Weaknesses of Performance Funding*

Although many of the respondents identified many strengths of the performance funding program, several respondents were able to identify some weaknesses of the policy. The majority of the respondents indicated that the data collection is often too difficult and time consuming. The problem with this notion is that faculty and

administrators could potentially spend too much time trying to improve in areas that may not be the best for the campus. Institutional goals and needs and statewide goals and needs are not always the same. This could cause problems because it forces institutional personnel to concentrate on too many different areas at one time (Administrator I).

Interestingly, Policy Maker G suggested that the performance funding program has evolved from a performance incentive program to a strict accountability program that has been taken for granted by institutional personnel. Policy Maker B and Administrators I and E all indicated that the general education and major field exit test standards are not a good evaluation of what students have learned. This is a monumental weakness considering that the original intent of the performance funding program was to measure students' learning. One of the administrators from the community college system insisted that community college faculty members are more willing to subscribe to the standards in the performance funding program than university faculty. This may be largely due to the fact that the performance funding program, by design, seeks to improve the teaching and learning environment for undergraduate students. There are not, nor have there ever been, any standards that speak to the needs of graduate students.

### Institutional Accountability

The performance funding program provides a structured accountability system in which all institutions can be evaluated. The assessment movement, as described by Policy Maker G, began in Tennessee with the advent of higher education officials trying to assess student learning. As a result, Tennessee remains ahead of the national curve for

higher education policy assessment. All of the administrators and/or policy makers agreed that performance funding has been an effective instrument to achieve institutional accountability. Policy Maker G suggested that, “an accountability policy that ties money to performance is the right balance, as long as the funding for the formula is never increased above five percent.”

### External Pressures on Higher Education

Respondents were asked to discuss their perceptions of whether performance funding placed external pressures on higher education to become more accountable to its funding sources. The majority of the respondents indicated that the performance funding program does cause higher education institutions to become more accountable to funding sources. More specifically, institutional leaders are concerned with planning goals. If an institution fails to meet ambitious planning goals, said institution may lower their performance funding points. Although performance funding does place external pressures on higher education institutions to be more accountable, Policy Maker G contends that, “there is a lot of gaming going on, that campuses purposely set their goals intentionally low so their performance funding scores will be high.” Essentially, veteran campus leaders are skilled at maximizing points. When the point system is manipulated it diminishes the integrity of the entire performance funding program.

Standard number four, item B is the assessment implementation standard within the current cycle of the performance funding program. This indicator represents a standard that places external pressure on institutions to become more accountable. This

indicator is designed to provide incentives for institutions to incorporate the information obtained through performance funding related activity into a cohesive package. The overall report generated to satisfy this standard will facilitate planning and allow institutions to prepare for their SACS visits and other reporting destinations. This standard requires institutions to document quality and effectiveness by employing a comprehensive system of planning and evaluation in every major aspect of the institution impacted by performance funding. An institution may receive a maximum of ten points for this indicator.

#### Performance Funding Longevity

Dr. Robert Levy, a long time policy elite and a current member of the performance funding advisory committee at THEC, indicated that the performance funding program has made it to its twenty-fifth year because, “it is difficult to attack the concept that higher education should be accountable.” He also suggested that, although advisory committees have criticized the implementation of the program; “no one has suggested that whole policy be trashed.” Administrator D indicated that there are five major reasons that the performance funding policy has been maintained (1) it has been constructed, monitored, and evaluated by higher education officials – not legislators or other state departments, (2) it initiates competitiveness – testing higher education’s commitment to assessment and evaluation, (3) it is understood by higher education leadership, (4) it is received well from the state legislature, and (5) TBR, THEC, and UT are all reporting what has been learned from performance funding reporting requirements.

Policy Maker G suggested that the performance funding policy has enjoyed longevity in part because of THEC's commitment to coordinate and manage the program in a very open process. There has been an opportunity for a great deal of collaboration on the policy from institutional and coordinating/governing board staff. The performance funding advisory committee is composed of persons from all institutional and state government levels that are involved with public higher education within the State of Tennessee. The advisory committee makes official revisions to the policy every five years. Each revision period possesses various policy shifts. The policy shifts include changes in the type and number of performance indicators and acceptable measures and evaluation standards for performance indicators. These five year periods are referred to as performance funding cycles.

#### Educational Improvement

Several of the respondents applauded the efforts of the performance funding program to improve education in higher education institutions. However, Administrator H suggested that the impact in the area of educational improvement has been so minimal that it may not be worth the investment for institutions to focus on this area of performance funding. Policy Maker C felt that performance funding had made great strides toward educational improvement in two areas, general education and major field assessment. Policy Maker G determined that if educational improvement was defined by admissions standards and nationally recognized programs, then performance funding has not done much to improve the quality of education at Tennessee's public colleges and

universities. However, if student services, job placement, and faculty interaction implies that the quality of education is improving, then performance funding has done a sufficient job of improving the overall quality of education in Tennessee's public colleges and universities.

### Elimination of Performance Funding

Respondents were asked to discuss their perceptions of what, if anything, would happen if performance funding was removed from the current funding formula. Policy Makers C and G indicated that many of the assessments would be eliminated from institutional agendas and some academic programs would move away from professional accreditations. They also indicated that the removal of performance funding could have potential lasting effects that could be extremely detrimental to the higher education community. Policy maker C suggested that performance funding coordinators may possibly be separated from the institutions if their supervisors could not move them immediately into another position.

Administrator D insisted that the immediate effects of the elimination of the performance funding program would not be disastrous; however, he maintained that the long term effects may prove to be a major set back to higher education. As indicated by Administrator D, the (1) number of accredited programs would decrease, (2) general education programs would become less important to maintain, (3) alumni, employer, and student surveys would no longer be conducted, and (4) over a period of time the incentive to perform well in all

standard areas would eventually be eliminated. Unfortunately, in some instances, the added financial incentive is the only factor that causes institutional personnel to work vigorously to meet certain standards to gain performance funding points. Therefore, if performance funding were eliminated the number of program reviews conducted could be reduced and major field testing may not be done every year (Administrator H). All of the assessments that are required for performance funding speak to the needs of the students and the improvement of educational services provided in Tennessee's public colleges and universities.

## CHAPTER V

### SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

#### Overview

The purposes of this study were to describe institutional stakeholders' perceptions of the utilization of performance funding in select Middle Tennessee colleges and universities and to determine the extent to which the performance funding program in Tennessee has impacted select public colleges and universities in the Middle Tennessee area. The institutions of interest included: Austin Peay State University (APSU), Nashville State Technical Community College (NSTCC), Tennessee State University (TSU), and Volunteer State Community College (VSCC). This study examined if the policy of tying funding to quality or performance has had equal benefits for all four (4) institutions named in this study. This study incorporated the data collected from the archival survey, conducted by the Tennessee Higher Education Commission (THEC), and elite interviews to determine the effects the policy has had on various institutions. This chapter summarizes the major findings within this study.

#### Summary of Research Findings

This study contained seven quantitative research questions to evaluate the perceptions of the higher education stakeholders who are responsible for implementing the performance funding program on all of the public college and university campuses in Tennessee. Findings from the research study concluded that there were no majority

differences in the level of satisfaction with the performance funding program utilized at Tennessee campuses based on the type of institution. It was determined that the majority of stakeholders are satisfied with Tennessee's current performance funding program. The data also revealed that university and college level administrators and policy elites felt that the performance funding program contributes to a positive academic and overall campus climate. Additionally, an overwhelming number of stakeholders suggested that the performance funding program has worked to promote external, legislative, and institutional accountability and institutional improvement.

The data also revealed that the majority institutional stakeholders agreed that accreditation; alumni, employer, and student surveys; job placement; program review; and retention and persistence have all contributed to improvements in student learning. Performance funding standards that are designed to increase students' learning are paramount to the success of the performance funding program. Although the majority of the stakeholders at the university level indicated that they were satisfied with the current performance funding policy, the results of the data revealed that their satisfaction was not predicted by the following variables: accreditation; alumni, employer, and student surveys; program review; retention and persistence; and state strategic planning goals. However, it was determined that the majority of the stakeholders at the college level indicated that program review and retention and persistence contributed to their satisfaction with the current performance funding policy. At the college level, program review and retention and persistence speak to the needs of the students that attend Tennessee's public community colleges. These two standards create an environment

where students' progress is monitored more closely than if there were matriculating at a university. As such, the standards are increasingly important and contribute to the success of the performance funding program on college campuses throughout the state of Tennessee.

### Conclusions

This study sought to determine how performance funding policy has impacted public colleges and universities in the state of Tennessee. An analysis of the archival surveys and elite interviews demonstrated that the overall impact of performance funding in Tennessee has been positive. Although several policy weaknesses have been identified throughout the data, the majority of the data yielded positive results. The original intent of the performance funding policy was to improve student learning and provide an incentive for campuses to operate at optimal levels of performance. This original intention has become increasingly important in recent years as economic and social changes have placed a greater emphasis on our citizenry receiving, minimally, a baccalaureate degree in order to compete in the current workforce. Continual performance funding policy analysis is necessary to monitor its impact on public colleges and universities.

Based on the analysis of the questions posed in the archival study, institutional stakeholders are pleased with the current standards that exist within the performance funding program. It is clear that performance funding's impact is not equitable amongst all institutions, however; it has been determined that the policy has had a positive impact on all institutions at some point throughout the years. In essence, a minimal increase in

institutional operating funds is more favorable than no increase at all. It was concluded that institutional stakeholders, at both the university and college levels, recognize the benefits of performance on their campuses. Stakeholders are satisfied with policy and believe that it promotes a positive academic and overall campus climate. Tennessee institutional stakeholders believe that performance funding works to promote external, legislative, and institutional accountability and institutional improvement. Additionally, institutional stakeholders felt that performance funding standards continue to satisfy the original intent of the policy by contributing to improvements in student learning. Statistically, very few institutional stakeholders may be deemed as opponents to performance funding.

The data contained within the elite interview results also suggested that the performance funding policy has had a positive impact on Tennessee's public colleges and universities. Tennessee institutional stakeholders are proud of the policy. They are proud for three major reasons: (1) performance funding was initiated in Tennessee, and as a result has set a national trend, (2) the policy was written by Tennessee higher education officials and (3) Tennessee's higher education community has worked together at all relevant levels of state government to support the policy's success. An overwhelming number of respondents stressed how important and helpful the performance funding policy has been in the accreditation process for Tennessee's public colleges and universities. Stakeholders contended that institutional and specialized program accreditation is paramount to the public perception of institutional quality and efficiency.

Institutional stakeholders also indicated that the policy has worked to improve student learning and institutional performance. The five year review cycles of the performance funding policy were highlighted as a major strength of the policy, as well as a major factor for its survival in the higher education community for over twenty-five years. All elite interview participants were extremely supportive of the policy and its ability to bring about continual positive change in higher education. In their opinions, the very notion of discontinuing the performance funding program in the state of Tennessee is not a viable or sensible option. Respondents indicated that the removal of the program from the funding formula would have lasting negative effects on public higher education in Tennessee.

### Recommendations

Although this study concluded that institutional stakeholders are satisfied with performance funding policy, it still remains important to monitor the policy for the few who may deem the policy to be dated, inequitable, insufficient, unmanageable, or the like. Future studies should be designed to focus on the impact that performance funding has had on individual campuses. It would be beneficial to determine how performance funding has impacted individual campuses throughout the entire state of Tennessee. Additionally, this study should be replicated in another five years during the next performance funding policy cycle, in 2010. This should be done to determine if the results of the study are similar to what policy elites are finding to be important during a given policy revision cycle. Also, portions of the study should be replicated and included

in the Master Plan for Higher Education that is developed and distributed by the Tennessee Higher Education Commission.

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APPENDIX A

PERFORMANCE FUNDING ARCHIVAL SURVEY



## Performance Funding Survey 2004

### General Directions

- Please check the box that best fits your answer for each question.
- Your response is totally anonymous. In no way will your identity be reported in connection with the responses that you provide.
- Please respond thoughtfully, as the results from this survey will be used for consideration in the development of the 2005-10 performance funding standards.

1. *How satisfied are you with the performance funding program as it exists under the current standards?*

- Very Dissatisfied       Dissatisfied       Satisfied       Very Satisfied

2. *How do you rate the following aspects of performance funding?*

|                                   | Poor                     | Fair                     | Good                     | Excellent                |
|-----------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Impact on campus academic climate | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Impact on overall campus climate  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

3. *How strongly do you agree that performance funding has worked to promote (should promote) these policy initiatives?*

| <u>Worked To Promote</u>  |                          |                          |                          |                              | <u>Should Promote</u>    |                          |                          |                          |
|---------------------------|--------------------------|--------------------------|--------------------------|------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Strongly Agree            | Agree                    | Disagree                 | Strongly Disagree        |                              | Strongly Agree           | Agree                    | Disagree                 | Strongly Disagree        |
| <b>Policy Initiatives</b> |                          |                          |                          |                              |                          |                          |                          |                          |
| <input type="checkbox"/>  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | External Accountability      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/>  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Legislative Accountability   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/>  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Institutional Improvement    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/>  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Institutional Accountability | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/>  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Support for curricula change | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/>  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Meeting campus needs         | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/>  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Meeting State needs          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/>  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Student Academic Achievement | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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4. *Approximately what percentage of state appropriation for higher education should be allocated for performance funding? \_\_\_\_\_%*

5. *How strongly do you agree that performance funding should incorporate the following scoring comparisons?*

| <b>Scoring Comparisons</b>                   | Strongly Agree           | Agree                    | Disagree                 | Strongly Disagree        |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| Improved institutional performance           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| National normative groups                    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| State-wide normative groups                  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Targeted external standards for institutions | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Delaware/Kansas Cost Study models            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

6. *Of the proposals listed below, please indicate the degree to which you would support the inclusion into the 2005-10 performance funding standards.*

| <b>Proposals</b>                                   | Very Supportive          | Fairly Supportive        | Not Very Supportive      | Not At All Supportive    |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| Continuation of general education pilot standard   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Usage of locally developed general education tests | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Increase emphasis on statewide goals               | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Job placement standard for universities            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Employer Survey                                    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Elimination of accreditation standard              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Inclusion of national student engagement survey    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Continuation of assessment implementation standard | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Alternatives to traditional program review process | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Increase emphasis on retention and persistence     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

7. *Considering all factors related to this standard, please evaluate each standard as a measure of the quality of higher education.*

| <b>Standard</b>              | Outstanding Measure      | Good Measure             | Adequate Measure         | Poor Measure             | Very Poor Measure        |
|------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| General Education Foundation | <input type="checkbox"/> |
| General Education Pilot      | <input type="checkbox"/> |
| Accreditation                | <input type="checkbox"/> |
| Program Review               | <input type="checkbox"/> |
| Major Field Assessment       | <input type="checkbox"/> |
| Student Survey               | <input type="checkbox"/> |
| Alumni Survey                | <input type="checkbox"/> |

|  |                          |                          |                          |                          |                          |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Employer Survey                        | <input type="checkbox"/> |
| Retention and Persistence              | <input type="checkbox"/> |
| Job Placement                          | <input type="checkbox"/> |
| Institutional Strategic Planning Goals | <input type="checkbox"/> |
| State Strategic Planning Goals         | <input type="checkbox"/> |
| Assessment Implementation              | <input type="checkbox"/> |

8. *To what extent does your institution disseminate the results of performance funding to the campus community?*

- Widely Distributed       Minimally Distributed       Not Distributed At All

9. *Considering all factors related to this standard, has this standard led to improvements in student learning on your campus?*

| <b>Standard</b>                        | Yes                      | Not Yet,<br>But Has<br>Potential | No, Has<br>No<br>Potential | Too Soon to<br>Tell      |
|--|--------------------------|----------------------------------|----------------------------|--------------------------|
|  | <input type="checkbox"/> | <input type="checkbox"/>         | <input type="checkbox"/>   | <input type="checkbox"/> |
| General Education Foundation Testing   | <input type="checkbox"/> | <input type="checkbox"/>         | <input type="checkbox"/>   | <input type="checkbox"/> |
| General Education Pilot Testing        | <input type="checkbox"/> | <input type="checkbox"/>         | <input type="checkbox"/>   | <input type="checkbox"/> |
| Accreditation                          | <input type="checkbox"/> | <input type="checkbox"/>         | <input type="checkbox"/>   | <input type="checkbox"/> |
| Program Review                         | <input type="checkbox"/> | <input type="checkbox"/>         | <input type="checkbox"/>   | <input type="checkbox"/> |
| Major Field Assessment                 | <input type="checkbox"/> | <input type="checkbox"/>         | <input type="checkbox"/>   | <input type="checkbox"/> |
| Survey (student, alumni, employer)     | <input type="checkbox"/> | <input type="checkbox"/>         | <input type="checkbox"/>   | <input type="checkbox"/> |
| Retention and Persistence              | <input type="checkbox"/> | <input type="checkbox"/>         | <input type="checkbox"/>   | <input type="checkbox"/> |
| Job Placement                          | <input type="checkbox"/> | <input type="checkbox"/>         | <input type="checkbox"/>   | <input type="checkbox"/> |
| Institutional Strategic Planning Goals | <input type="checkbox"/> | <input type="checkbox"/>         | <input type="checkbox"/>   | <input type="checkbox"/> |
| State Strategic Planning Goals         | <input type="checkbox"/> | <input type="checkbox"/>         | <input type="checkbox"/>   | <input type="checkbox"/> |
| Assessment Implementation              | <input type="checkbox"/> | <input type="checkbox"/>         | <input type="checkbox"/>   | <input type="checkbox"/> |

10. How many years have you been at your present institution or organization?

\_\_\_\_\_ Years

11. Which of the categories best describes your institution or organization?

- Community College
- University
- Governing Board
- Other (please specify \_\_\_\_\_)

12. Which of the categories below best describe your position?

- Chief Academic Officer
- Chief Planning Officer/Institutional Effectiveness

- Director of Institutional Research
- Performance Funding Coordinator
- Legislator
- Other (please specify \_\_\_\_\_)

13. *What are the core strengths of the performance funding program?*

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14. *What are the core weaknesses of the performance funding program?*

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15. *What are the main changes that you would like to see in the 2005-10 performance funding standards?*

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16. *If the performance funding program was discontinued, what aspects of the program would most likely continue at your institution?*

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APPENDIX B

INTERVIEW RECRUITMENT LETTER

## INTERVIEW RECRUITMENT LETTER

February 3, 2005

Dr. Stakeholder [Higher Education]  
State University or College  
North Access Boulevard  
Nashville, Tennessee 37200

Dear Sir or Madam:

I am a doctoral candidate at Tennessee State University conducting research on higher education institution stakeholders' perceptions of performance funding programs utilized in Tennessee's public colleges and universities. The purpose of my research is to gain a greater understanding of the performance funding program from an administrator's perspective and its impact on Tennessee's public colleges and universities. Furthermore, my study will represent an analysis of the experiences of higher education administrators at public colleges and universities within Middle Tennessee.

I would like to solicit your participation in this research. In an effort to develop my case study to describe the experiences of higher education stakeholders, I am conducting interviews across the state with various leaders in higher education at government and institutional levels. All participants are assured anonymity and confidentiality throughout each stage of the research, including the presentation of the research results.

I will follow this letter with a telephone call to inquire about your willingness to participate and to schedule your potential availability. If you have any questions about my research effort or purpose, I can be reached at 615-253-6286 (daytime) or by email at [ronald.c.williams@state.tn.us](mailto:ronald.c.williams@state.tn.us). Your opinions and knowledge of the performance funding policy standards are invaluable to my work. I am hopeful that you will have the time to participate in my study. Thank you for your time and your consideration.

Sincerely,

Ronald Williams  
Doctoral Candidate  
Tennessee State University

APPENDIX C

INTERVIEW QUESTIONNAIRE

*Interview Questionnaire*

1. What type of significant impact, if any, has performance funding had on Austin Peay State University (APSU), Nashville State Technical Community College (NSTCC), Tennessee State University (TSU), and Volunteer State Community College (VSCC)?
2. Based on professional experience and opinion, what strengths, liabilities, and/or suggestions regarding performance funding have been identified by administrative and academic personnel?
3. Please describe your thoughts on whether or not performance funding is an effective instrument to achieve accountability at APSU, NSTCC, TSU, and VSCC?
4. Does performance funding place external pressures on higher education to become more accountable to its funding sources, please explain?
5. What factors have contributed to the longevity of the performance funding program in Tennessee?
6. In your opinion, has performance funding done a sufficient job of improving the overall quality of education at public colleges and universities in Tennessee, please explain?
7. What impact, if any, would discontinuing performance funding have on higher education in Tennessee?

APPENDIX D

ELITE INTERVIEW PARTICIPANT POSITIONAL STATUS

*Elite Interview Participant Positional Status*

|                             |    |
|-----------------------------|----|
| Institutional Administrator | 7  |
| Policy Administrator        | 7  |
| Total                       | 14 |

APPENDIX E

PERMISSION LETTER FOR THE USE OF THE INSTRUMENT



RICHARD G. RHODA  
*Executive Director*

PHIL BREDESEN  
*Governor*

STATE OF TENNESSEE  
**HIGHER EDUCATION COMMISSION**  
PARKWAY TOWERS, SUITE 1900  
NASHVILLE, TENNESSEE 37243-0830  
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February 22, 2005

Ronald C. Williams  
c/o Dr. Karen Stevens  
College of Education  
Tennessee State University  
3500 John A. Merritt Blvd.  
Nashville, TN 37209-1561

Dear Mr. Williams:

Thank you for your interest in the Tennessee Higher Education Commission's 2004 Performance Funding Survey. The Division of Public Policy, Planning, and Research used this instrument to provide valuable information to stakeholders about the performance funding program used in Tennessee. This response formally signifies that you have been granted access to utilize the survey for your dissertation purposes. Both the survey and the results are a matter of public record.

Sincerely,

Brian E. Noland, Ph.D.  
Associate Executive Director  
Policy, Planning, and Research  
Tennessee Higher Education Commission  
404 James Robertson Parkway, Suite 1900  
Nashville, TN 37243-0830

APPENDIX G

APPROVAL LETTER FROM THE INSTITUTIONAL REVIEW BOARD