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Experts see flaws in Scott Walker's plan for UW System performance funding

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Gov. Scott Walker is proposing new funding for the UW System based on how campuses measure in performance criteria.

BRYCE RICHTER -- UW-Madison

Experts say a good system of performance-based higher education funding, which ties money to how colleges measure up in certain categories, judges universities based on a few criteria, with a focused set of goals in mind.

If you want more skilled workers, the thinking goes, give colleges funding to produce more graduates. To ensure universities are providing opportunity, reward them for graduating more low-income or minority students.

But the 2017-19 state budget Gov. Scott Walker unveiled last week lays out a much more complicated performance funding plan, experts said.

That and other aspects of the proposal, including performance categories that have led to unintended consequences when used in other states, could make it less effective.

Walker's budget identifies six categories to determine how much University of Wisconsin System campuses would receive from his proposed \$42.5 million in new higher education spending.

Those categories are then divided into more measurements, such as the percentage of students who receive degrees in high-demand fields and the number of residents served by UW-Extension programs. In total, Walker's proposal lists 18 criteria for university funding.

The \$42.5 million in performance-based funding over the next two years is "nothing to sneeze at," said Dennis Jones, president emeritus of the National Center for Higher Education Management Systems. But each funding category would end up being worth a small piece of that total, which might not be enough to spur changes at universities where some annual budgets reach into the billions of dollars.

"Spread over this number of metrics it could really easily disappear without a lot of change being made," Jones said. "That turns into budget dust."

Walker spokesman Tom Evenson, asked to respond, said, "Gov. Walker is making important investments in higher education, and he believes those investments should be tied to a reasonable level of accountability so students achieve the maximum benefit."

Overall, the spending plan Walker proposed for the two years beginning July 1 calls for \$12.4 billion for the UW System. It also freezes student tuition in the first year of the biennium and proposes a 5 percent cut in the second year.

Job placement, time to degree

Supporters of performance-based funding, which dozens of states use to distribute money among colleges, argue it pushes higher education to be more responsive to the needs of students and the state; skeptics say the model has fallen short of that promise.

Under Walker's budget, the UW System's campuses would receive the new funding based on how they rank against one another on the performance measurements.

The six categories would receive different shares of the \$42.5 million:

- 30 percent based on degree completion, which includes six measurements, among them the length of time to attain a degree, the number of hours faculty spend teaching and low-income student graduation rate.
- 30 percent based on job placement, measured in five categories, including the percentage of students who get jobs in fields related to their degrees and degrees awarded in what the Department of Workforce Development classifies as high-demand fields.
- 15 percent for the number of "high-impact practices" undergraduates experience and the percentage of students who hold internships.
- 10 percent for reduced spending on administration.
- 5 percent based on how many residents are served by UW-Extension programs, as well as spending on noncredit community service programs.
- 10 percent based on two categories that the UW Board of Regents would specify.

The budget gives the Regents responsibility for determining how much of the funding universities would get based on their placement in category rankings.

System spokeswoman Stephanie Marquis said in a statement that UW officials already measure “the vast majority of the proposed performance metrics.”

Categories could lead to problems

UW-Madison education professor Nicholas Hillman, who studies performance-based funding and has questioned the model’s effectiveness, said it could be difficult to find reliable data for some of the performance categories.

Take, for instance, the metric of people served by outreach programs, Hillman said: How do you quantify whether a resident has been served by a university?

“It’s going to be really hard to measure that,” he said.

Other categories might have unintended consequences, such as one measuring student graduation rates. In other states, Hillman said, colleges have improved their graduation rates by only admitting students who are more likely to graduate, and denying those who could be more “risky” because their completion rates tend to be lower, such as first-generation or low-income students.

“All of the sudden it looks like they’ve changed their graduation rate where they’ve actually been gaming the system,” Hillman said. “It goes against the whole entire idea of higher education being an engine of upward mobility.”

Collaboration could improve metrics

To improve the budget proposal, Jones recommended lawmakers narrow their focus to a smaller number of performance categories.

He and Hillman noted that more effective performance models tend to be the result of collaboration between lawmakers, university officials and others.

Marquis’ statement seemed to echo that sentiment.

“We believe the Board of Regents should be the primary decision maker in performance-based funding decisions for institutions,” Marquis said. “We are appreciative of the governor’s investment in the UW System, and we look forward to working with the governor and Legislature to review these proposals more closely.”

Lawmakers concerned that letting UW officials write their own performance measures will lead to more lenient metrics could require that the System submit its ideas to the Legislature for approval, Jones said.

Working with university officials might take longer, he said, but it will be more effective than legislators prescribing changes from the top down.

“Every time I’ve seen that, it gets very ham-handed,” Jones said.

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