

**Oregon House of Representatives,
Higher Education Committee**

Performance Based Funding

Testimony

James T. Salt, Ph.D.

President, OEA Community College Council

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(slightly revised 2019 for clarity)

Good morning. My name is Jim Salt; I serve as President of the OEA Community College Council, which represents almost 4000 faculty and staff members at community colleges across the state of Oregon.

I'm also a sociology instructor at Lane Community College, and President of the Faculty Association there. I earned my doctorate in sociology at the UO, and have been teaching courses on the sociology of education, among others, since 1987. One of the things a scholar of education sees, as I'm sure legislators see as well, is that education experiences periodic 'reforms' which claim the sky is falling, and that the "only" solution is "X." From concerns about virtually all of education after the Soviet Union launched Sputnik, through "A Nation at Risk", the Spellman report, etc., we are periodically subjected to either perceived major threats to education and/or to new (or not so new) proposals to dramatically change our educational practices. The most recent such proposal regarding completion, student success, and performance funding agendas is simply the latest round of such proposed 'reforms.'

To say that is not to reject such efforts out of hand, of course; education certainly can and needs to be improved. But reform proposals need to be properly understood and in response to clearly identified problems. The proposals need to be analyzed and studied empirically, not simply presented by proponents, defended by talking points, and considered and adopted by appointed boards. One shouldn't jump on board a train just because it's there; one needs to determine where the train is coming from, and where it would take you. This particular train,

the performance funding train, is, I think, a particularly unimpressive and potentially destructive vehicle.

There's nothing new about performance-based funding (hereafter "PBF"), of course; it's been tried in the past, and generally abandoned where it was tried, largely found to have had no positive impact, while actually leaving schools damaged in its wake. And yet, it's back again. Why, one might ask, given that it failed the last time? The research into this new round shows that it's being driven this time not as much by business ideologues and like-minded government officials as last time, but (like a lot of the "educational reform movement" today) by what one might call 'professional education reformers', who often have a significant material interest in such plans.

Political sociologists commonly point out something that legislators also know well, that social policy proposals often don't come from politicians themselves, or from the general public, or from scientists or "experts." Instead, often times proposed policies and legislation arrive from policy formation organizations, who in turn receive their funding from private foundations, often from the corporate world. This is no less true in education policy. One key source of "educational reform" proposals promoting "student success" recently is the Lumina Foundation, an organization that that everyone keeps hearing about these days despite the fact they didn't even exist a few years ago and that by their own admission they struggled to decide just what they wanted to do with their newfound wealth after Sallie Mae gave them \$770m for student loan assets Lumina thought worth at most \$150m. This 'history' of proposals to dramatically increase student attainment numbers, coming from what is largely a lobbying firm intentionally endowed by the largest student loan company in the world, should give one real pause as to the real purpose of their policy proposals.

The current PBF proposal has a similar history and orientation. Those closely familiar with the proposal currently being considered are likely aware that it is being promoted and facilitated by NCHEMS (the National Center for Higher Education Management Systems), a group that presents itself as an educational research organization helping states seeking to improve their education sectors, but in reality is a firm that gets paid to promote PBF proposals and other policy changes to states. I've provided a copy of their playbook for states considering PBF proposals, which, you'll see, has a great deal of overlap with the document provided you today by supporters of the proposal, because a lot of the latter is simply a copy and paste of NCHEMS talking points and advice. That's what's really happening here.

Regarding the proposal itself, performance funding systems in education are predicated upon the notion that teachers and administrators do not care about their students' success, and/or that they are too lazy to do their best, and that only by subjecting them to financial punishments and rewards can we get the most out of teachers and administrators. I personally

find that assumption is both false and, frankly, insulting. The faculty I've had the honor to work with in my life give more to their schools than should ever be asked, and do it gladly for their students, their professions, and their communities. For the state to pursue such an obviously insulting policy after years of even greater sacrifice of Community College faculty, faced with the greatest enrollment surge since CCs began and taking significant sacrifices in pay and benefits to help mediate the fiscal crisis of the state in order to keep programs available for students, is quite a statement to make to CC faculty and staff.

Predictably, many states that tried PBF schemes in the past largely abandoned them, because they didn't produce the promised increases in attainment rates. And the early reports on this new national round of PBF funding 'reforms' show few positive results. This, of course, shouldn't come as a surprise, because think about the logic of it. There is NO analysis of the reasons for current educational outcomes, so no strategies or measures to improve them, simply a demand that schools figure out how to do much better on their own, or lose key support. That's not using data intelligently; it's not only unscientific, it's antiscientific. We should use data to assess and analyze, absolutely, but use it to determine what is working, what isn't, why, to develop strategies to improve outcomes, to fund those strategies, then assess them, improve them or abandon them if not working, and learn from that and then do it again. That's how educational reform works, not by telling each school to figure out how to dramatically improve student outcomes all by themselves, or lose funding. That's not a recipe for success, but that is the basic logic of this idea. Performance Based Funding is really just "magical thinking," with nothing really there to help schools raise attainment rates, only 'punishment and rewards' based on how a particular school's 'numbers' reflect the criteria adopted in the PBF model. Nothing more.

So, what would schools do if PBF measures were implemented and they didn't magically result in the kinds of improvements that are being expected, when their funding depends upon it? Many would do what many other schools faced with PBF have done: scrape the cream off the top, reduce access to schools, cut professional technical programs that retrain and upgrade employee skills but don't produce the 'degree completion' numbers that policy makers currently fetishize, and promote grade inflation, degree inflation, certification inflation, all in order to keep their numbers up with other schools so as to not lose their funding.

Proponents of PBF literally have no answer to such concerns about threats to the quality and integrity of our schools and programs. Read the document I provided and you'll see NCHEMS advice to just say that 'they have faith that the faculty will resist' such threats to quality so there's no need to worry about that, and that "we'll set up rigorous systems to monitor and assess," but they have no actual proposals on what such "systems" would look like. Which is exactly how the CCWD responded to our Council's concerns, following NCHEM's 'talking point'

advice to the letter! There simply is no plan to protect educational quality from the obvious threats from this proposal; state administrators responsible for this proposal actually admit this.

Of course, there would be *gaming* of the system. The CFO at one college said publicly that he wasn't worried about PBF because 'we're pretty good at gaming the current system and we'll just do the same thing with whatever system they give us.' But it's one thing (and bad enough) to 'game the current system', which 'only' affects how much money each school gets from the state funding 'pie'; gaming this proposed PBF system would result in a reduction in the quality and integrity of Oregon's educational system, a threat at a whole different level.

Finally, on this point, I should note that we do not believe that there *can* be an effective 'quality protection plan' to counter the PBF threat to education quality and integrity; financial incentives are powerful forces, and can and would undermine the integrity of our classrooms, programs, colleges, and the very degrees we are all working to help students earn.

Also consider the ever greater overuse of part-time faculty in community colleges in light of such a proposal. The 'part-time-ization' of the faculty makes it even more difficult for faculty to resist such pressures. Studies show that part-time faculty, on average, *already* grade students significantly higher and more easily than full-time faculty, at least in part because of the perceived need to please students and the administration in order to promote their own job security (a fault not of the faculty but of the failure to provide faculty the job security they need and deserve). Imagine how many part-time faculty would succumb to the pressure to reduce student expectations and raise student grades and pass rates (regardless of actual student success) if college funding models pay for 'success' rather than the cost of educating students, as our current system is framed.

Finally, our concerns about the PBF proposal being considered so far have focused on it as a *general practice*, and not on the current plan being developed by the CCWD, NCHEMS, and a few CC presidents, so let me comment briefly on that. While PBF schemes are seriously problematic in general, the problematic nature of the plan currently proposed for Oregon's community colleges goes well beyond that.

First, it's clear that only the NCHEMS people have any real understanding of the model being developed, with the CCWD staff and select college presidents focusing on general 'principles' that would be used by NCHEMS staff to design the model. I received a copy of the proposed model from an administrator who thought that public policies like this were supposed to be open to the public (they are, of course). The fact is that until I shared this model with others, no one but a handful of people in the state have even seen it, and there has been *no* public debate on even moving to PBF, let alone on the specific model proposed. It is one thing to have

the presidents unilaterally decide on the distribution formula and have the state board approve that, as has commonly been the practice, when the model is based upon the numbers of student FTE; but it's another entirely to having a wholesale change in how the legislatively appropriated funds are distributed, with no involvement of the legislature or the public, including college faculty, students, staff, and administrators.

This lack of openness and overreliance on NCHEMS creates a number of problems. One is that it, bizarrely, rewards/punishes schools based on *absolute* numbers of 'completions', and the measures focus largely on transfer programs. As a result, if a school has *better* students *coming in*, or simply disproportionately more transfer students, then it would receive *more* money, while if a school has more students from poor or lower educated families (the number one predictor of student success, virtually all studies show), then, incredibly, this model believes the school should receive *less* money. Sort of an 'anti-head start' program, I suppose.

A second, and relatedly, as I demonstrate in Table One [copied below], this model would *take* money from schools with greater percentages of African American, Native American, female, and career tech students, thus replacing a system where it doesn't matter what one's race, gender, class or educational goals are – schools get paid according the number of students they have, regardless of who they are -- with one favoring some "metrics" that in turn favor economically better off students and disfavor several minority populations and career technical students. This isn't necessarily the intent of the proposal, but it would be the effect. This is also wholly unacceptable, as we hope you will agree.

As such, while we recognize, of course, that today's session is simply an informational hearing and that this matter is currently being addressed by the State Board of Education, we ask that you make it clear that any decision to make such a dramatic and dangerous change in how the funds that are appropriated by this legislature, needs a proper and full public and democratic discussion, that it needs to be based upon proper scientific analysis of the related research and of the proposal, and that at a minimum it must wait until the new governance structure for Higher Education is in place where any such proposals could be more properly considered.

Thank you.

Table One. Oregon Community College Performance Funding Proposed Change and Race/Ethnicity & Program Type: A Preliminary Analysis			
<u>Winners</u>	Correlation w % change	<u>Losers</u>	Correlation w % change
-		-	
Race / Ethnicity			
Whites	0.17	Asians	-0.19
Hispanics	0.61	Blacks	-0.30
		International Students	-0.44
		Native Hawaiian / Pac. Island	-0.31
		Native American Students	-0.08
Program Type (Student FTE share)			
Transfer	0.28	Career Tech	-0.11
		Development Education	-0.12

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