Performance-Based Funding in California Community Colleges:
Perceptions of Administrator and Faculty Stakeholder Groups

by

Jennifer Acfalle

A dissertation submitted to the faculty of
San Diego State University
In partial fulfillment of the requirements for the degree
Doctor of Educational Leadership
September 29, 2015
SAN DIEGO STATE UNIVERSITY

The Undersigned Faculty Committee Approves the

Dissertation of

Dr. Jennifer Acfalle

Performance-Based Funding in California Community Colleges:

Perceptions of Administrator and Faculty Stakeholder Groups

Nan Zhang-Hampton, Chair
Administration, Rehabilitation, and Postsecondary Education

Frank Harris III
Administration, Rehabilitation, and Postsecondary Education

George Boggs
President & CEO Emeritus
American Association of Community Colleges, Palomar College

September 29, 2015
Approval Date
ABSTRACT

California currently funds its public colleges on the basis of enrollment, a process that reinforces their commitment to college accessibility and ensures a relatively equitable distribution of per-student spending across institutions. A sluggish economy and state budget pressures, in addition to a national drive for market-driven education reform, has accelerated the discussion about the merits of performance-based funding (PBF), an alternative funding strategy, for public higher education.

This qualitative study examined how 26 stakeholders of California Community Colleges, specifically administrators, and full-time faculty in leadership positions located within the San Diego and Imperial Counties, perceive the performance-based funding strategy. The results of the findings indicate that the stakeholders’ perception of PBF have been affected by their experience with two particular quasi-PBF models, California’s Partnership for Excellence and Student Success Initiatives. Their concerns of PBF involved having no control over variables; lowering of academic standards and gaming the system; and limiting access. Research participants provided recommendations to effectively overcome the obstacles encountered and minimize the unintended impacts produced by performance-based funding.

This study contributes significantly to the existing literature and to policy since there are few studies done with regard to California Community Colleges and PBF. Findings of the study will assist policymakers in understanding the various ways that performance-based funding is being framed and provide an intelligent basis for discussion and judging conflicting ideas, proposals, and outcomes with regard to accountability in higher education.
TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABSTRACT .................................................. iv</td>
</tr>
<tr>
<td>LIST OF TABLES ........................................... ix</td>
</tr>
<tr>
<td>LIST OF FIGURES .......................................... x</td>
</tr>
<tr>
<td>ACKNOWLEDGMENTS .......................................... xi</td>
</tr>
<tr>
<td>CHAPTER 1—INTRODUCTION ................................ 1</td>
</tr>
<tr>
<td>Background ................................................. 1</td>
</tr>
<tr>
<td>Problem Statement ......................................... 4</td>
</tr>
<tr>
<td>Purpose Statement .......................................... 5</td>
</tr>
<tr>
<td>Research Questions ......................................... 5</td>
</tr>
<tr>
<td>Local Setting ............................................... 6</td>
</tr>
<tr>
<td>Theoretical Framework ..................................... 6</td>
</tr>
<tr>
<td>Argyris and Schōn’s Theories of Action .................. 6</td>
</tr>
<tr>
<td>Pfeffer and Salancik’s Resource Dependency Theory ......... 7</td>
</tr>
<tr>
<td>Significance of the Study .................................. 8</td>
</tr>
<tr>
<td>Delimitations/Limitations .................................. 9</td>
</tr>
<tr>
<td>Delimitations .............................................. 9</td>
</tr>
<tr>
<td>Limitations .................................................. 9</td>
</tr>
<tr>
<td>Definition of Terms ...................................... 10</td>
</tr>
<tr>
<td>CHAPTER 2—LITERATURE REVIEW .......................... 13</td>
</tr>
<tr>
<td>Overview ................................................... 13</td>
</tr>
<tr>
<td>Performance Reporting ..................................... 13</td>
</tr>
</tbody>
</table>
CHAPTER 4—RESULTS. ................................................................. 44

Overview. ................................................................. 44
Perceptions of Performance-Based Funding. ........................................ 44
Flawed Assumptions. ..................................................... 44
Applying a Business Model. .............................................. 46
Movement to Defund Education. .......................................... 49
Value of Education. .......................................................... 50
No Benefit at All. ............................................................ 53
A Quasi-PBF Model. .......................................................... 55
  Partnership for Excellence................................................. 55
  Student Success Initiatives............................................... 57
Summary of Themes. .......................................................... 60
Concerns of Performance-Based Funding. ...................................... 62
  No Control Over Variables............................................... 62
  Basic Skills and English as a Second Language...................... 62
  Students’ Personal Challenges......................................... 65
Lowering of Academic Standards and Gaming the System............ 68
Limiting Access. ............................................................. 72
Summary of Themes. .......................................................... 74
Overcoming Obstacles and Minimizing Unintended Impacts.......... 74
  Expanding the Definition of Success.................................... 75
  Including the Right Stakeholders and Changing the Dialogue.... 80
  Guaranteed Base Funding.................................................. 83
## LIST OF TABLES

<table>
<thead>
<tr>
<th>Table</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Stakeholders, by Position, That Participated in the Study</td>
<td>34</td>
</tr>
<tr>
<td>2.</td>
<td>Summary of Research Findings</td>
<td>45</td>
</tr>
<tr>
<td>3.</td>
<td>Value of Community Colleges to California and the High Return on Investment</td>
<td>54</td>
</tr>
<tr>
<td>4.</td>
<td>Student Success Task Force Recommendations</td>
<td>58</td>
</tr>
<tr>
<td>5.</td>
<td>Student Success and Support Program Funding Description</td>
<td>61</td>
</tr>
<tr>
<td>6.</td>
<td>Student Success Scorecard</td>
<td>76</td>
</tr>
</tbody>
</table>
LIST OF FIGURES

Figure 1. States with performance-based funding in place. ............................ 21
Figure 2. Institutions within the San Diego and Imperial Counties that participated in the study. ................................................................. 33
Figure 3. Institutional role of study participants. ........................................... 34
Figure 4. Study participants’ years of service in higher education. ................. 35
Figure 5. Gender of study participants. ....................................................... 35
Figure 6. Race of study participants. ........................................................... 36
Figure 7. Higher education share of state general fund expenditures, 1967-2011. ......................................................................................... 51
ACKNOWLEDGMENTS

This dissertation was made possible by the guidance of my committee members, help from cohort members, and support from my family.

I would like to express my deepest gratitude to my committee chair, Dr. Nan Zhang-Hampton, for her excellent guidance, caring, patience, and providing me with an excellent atmosphere for doing research. I would also like to thank my committee members, Dr. Frank Harris III and Dr. George Boggs, who lent their expertise in the area of research methodology and knowledge of California Community Colleges. Their guidance provided me with the confidence and credibility I needed to collect data on such a controversial topic.

I would like to thank my cohort members who encouraged me and my managers who supported me in my journey. I would also like to thank my mother, Mary Jane Leon Guerrero, and my husband, Javier Acfalle, for cheering me on and standing by me through the good and bad times.
This is dedicated to my great grandmother, Maria Fausto Leon Guerrero,

and all the minority women that I represent from the island of Guam.
CHAPTER 1—INTRODUCTION

The meaning of public accountability has been subject to reinterpretation over time as a society and political institutions’ needs, values, and expectations change. Today, there is a need for even greater efficiency in public higher education. Ongoing budget cuts, combined with stagnating graduation rates and a rising demand for highly educated workers, make it increasingly important for California to invest in both access to postsecondary education and course and degree completion.

Currently, the policy for funding higher education in most states is typically based on enrollments and costs by program (Bogue & Johnson, 2010). This policy approach, however, is based on activity (such as enrollments) but not on achievement (such as graduation or persistence rates), and on how much but not on how good.

Performance-based funding, on the other hand, addresses this flaw by allocating funds to public colleges and universities based on performance criteria, such as course completion, credit attainment, and degree completion, rather than activity or enrollment criteria (Bogue & Johnson, 2010). The assumption is that public higher education might receive more resources from citizens and governments if its priorities were better aligned with those of its supporters and if its performance was easily measurable.

Background

During the 1960s and 1970s, a primary policy question in the United States was how to allocate state appropriations equitably among a growing and diverse number of public colleges and universities. Bogue and Johnson (2010) described the policy adopted in many states as formula funding, an allocation policy based on enrollments (headcount
and credits attempted) and costs by program (from English to engineering) and by level (from undergraduate to graduate).

Such policy formulas recognized cost variations by program type and level and resulted in a reasonable approach to equity, taking into consideration institutional mission/program profiles and size of campuses and program. A later refinement added a dimension of peer funding in recognition that institutions were competing in a different salary market. The principle of “equivalent funding for equivalent program” was easily understood by educators and political leaders. This policy approach, however, was based on activity (e.g., on the number of students enrolled) but not achievement, and on how much but not on how good (Bogue & Johnson, 2010). As a result, colleges and universities had a financial incentive to boost enrollment at the start of the term, rather than make sure students successfully complete classes and earn degrees.

But as the needs and values of society and political institutions changed, the need arose for a serious reflection on balancing educational cultures of improvement and civic/political cultures of financial stewardship. This balance is reflected in such instruments as an institution’s governance arrangements, the amount of direction built into its government-provided budgets, and even its reporting requirements (Zumeta, 2011).

According to Zumeta (2011), an important form of public accountability emerged via state budgetary appropriations, which gradually—but then more rapidly in the 1960s and later—became more complex and directive in many states in specifying how state dollars for higher education were to be spent. Over time, legislators and finance agencies became increasingly likely to ask if money had been used as intended and sometimes wanted answers at a fairly detailed level. They also began inquiring about efficiency in
resource use. In other words, they cared about the inputs (such as student enrollments) to higher education because state money was involved, but there was surprisingly little focus on outcomes of the spending, such as what students learned or how many graduated.

Beginning in the 1980s, policymakers began to feel that more than citizen board oversight and budgetary specification was necessary to ensure appropriate accountability from public higher education. The outcomes revolution was beginning.

According to the American Association of State Colleges and Universities (AASCU, 2012), there has been a remarkable shift to state-level performance funding in the past three decades:

The ongoing economic and budgetary conditions have led to a redoubling of efforts to move the dial on many measures, among them: college readiness, student success, institutional productivity and instructional delivery, all the while maintaining, if not improving, the academic quality for which U.S. public universities are renowned. At the state level, in the absence of new funding, this work has been borne out of efforts to provide greater flexibility to campuses and to strategically allocate resources in a manner that incentivizes institutions to achieve state educational and economic goals. (p. 1)

This strategy shifts funding from simply rewarding enrollment to valuing outcomes. Walters (2012) theorizes that rewarding performance allows states to align their fiscal policies with statewide goals for workforce development and economic prosperity.
Problem Statement

The problem under investigation in this study is that California continues to fund its public colleges and universities on the basis of enrollment, a process that reinforces their commitment to college accessibility and ensures a relatively equitable distribution of per-student spending across institutions. An example of California Community Colleges’ 2015-16 Advance Principal Apportionment for the San Diego Community College District is provided in Appendix A. This funding strategy, called formula funding, has shortcomings to include the following:

- formulas may be used to reduce all academic programs to a common level of mediocrity by funding each one equally because quantitative measures cannot assess the quality of a program;
- formulas may reduce incentives for institutions to seek outside funding;
- formulas may perpetuate inequities in funding that existed before their advent because they may rely on historical cost data;
- enrollment-driven formulas may be inadequate to meet the needs of changing client bases or new program initiatives;
- formulas cannot serve as substitutes for public policy decisions;
- formulas are only as accurate as the data on which they are based; and
- formulas may not provide adequate differentiation among institutions.

A sluggish economy, state budget pressures, escalating tuition, and increasing student-loan debt, in addition to a national drive for market-driven education reform, has accelerated the discussion about the merits of performance-based funding, an alternative funding strategy, for public higher education. Performance-based funding is a system
based on allocating a portion of a state’s higher education budget according to specific performance measures, such as course completion, credit attainment, and degree completion, instead of allocating funding based entirely on enrollment. It is a model that provides a fuller picture of how successfully institutions have used their state appropriations to support students throughout their college careers and to promote course and degree completion. Furthermore, this funding structure incorporates both enrollment and performance metrics as incentives for colleges to continue to make progress on these important objectives.

**Purpose Statement**

The purpose of the study was to examine how stakeholders of California Community Colleges perceive the performance-based funding strategy. Generally speaking, stakeholders are individuals or entities that stand to gain or lose from the success or failure of a system or an organization. For the purpose of this research, stakeholders included administrators and full-time faculty in leadership positions. These particular stakeholders were selected since many studies already focus on political actors, including state higher education officials, governors and advisors, legislators and staff, business leaders, consultants, and researchers (Dougherty et al., 2014). Understanding these particular stakeholders’ perceptions and taking the necessary steps to address concerns will be critical to better planning; new and creative initiatives; expanded ownership of organizational goals; increased transparencies; and improved resource allocation—all of which promote organizational success and curb failure.

**Research Questions**

This study intended to address the following questions:
What is performance-based funding from the community college stakeholders’ perspective?

What concerns do community college stakeholders have regarding performance-based funding?

How can California Community Colleges effectively overcome the obstacles encountered and minimize the unintended impacts produced by performance-based funding?

**Local Setting**

For this study, stakeholders of California Community Colleges located in the San Diego and Imperial Counties were interviewed. These stakeholders, which include administrators and full-time faculty in leadership positions, were specifically selected since they will be directly impacted by the implementation of performance-based funding at the institutional level.

**Theoretical Framework**

The theoretical framework for this study was derived from two bodies of theory and research: (a) Argyris and Schön’s (1996) Theories of Action, and (b) Pfeffer and Salancik’s (1978, 2003) Resource Dependency Theory. A summary of these theories and how they relate to the study follow.

**Argyris and Schön’s Theories of Action**

According to Theories of Action, if you intend to produce consequence C in situation S, then do action A. Two further elements enter into the general schema of theory of action: the values attributed to consequence C that make it seem desirable as an end-in-view and the underlying assumptions, or model of the world, that make it
plausible that action A will produce consequence C in situation S (Argyris & Schön, 1996).

The concept of theory of action closely parallels that of “policy instruments,” defined as “mechanisms that translate substantive policy goals into concrete actions” (McDonnell & Elmore, 1987, p. 134). The theory of action most often espoused by advocates of performance funding is that institutional performance will be improved through material incentives that mimic the profit motive for businesses (Burke, 2005; Dougherty & Hong, 2006; Dougherty, Jones et al., 2013). Applied to higher education institutions, this theory of action holds that higher education institutions are revenue maximizers and will make a strong effort to improve their performance if the amount of funding involved is significant enough (Burke, 2002).

**Pfeffer and Salancik’s Resource Dependency Theory**

The basic argument of resource dependency theory can be summarized as follows: Organizations depend on resources. These resources ultimately originate from an organization’s environment. The environment, to a considerable extent, contains other organizations. The resources one organization needs are thus often in the hand of other organizations. Resources are a basis of power. Legally independent organizations can therefore depend on each other. Power and resource dependence are directly linked: Organization A’s power over organization B is equal to organization B’s dependence on organization A’s resources. Power is thus relational, situational, and potentially mutual. Resources can become more or less scarce, and the organization’s survival is contingent on its ability to adapt in response to these environmental changes (Pfeffer & Salancik, 1978, 2003).
According to resource dependence perspective, higher education institutions selectively and strategically respond to demands impacting their survival and growth. Thus, the success of the new accountability depends on an institution’s response to the new accountability. If the financial incentives linked with institutional performance are attractive, institutions might incorporate the new accountability into their internal systems; otherwise, institutions might not be motivated to change. If the reward associated with the proposed policy changes was not sufficient, then higher education institutions might not incorporate institutional changes (Scott, 1987; Shin, 2010).

**Significance of the Study**

Elected officials have a need for assurance that taxpayer funds are not only being invested and used properly but are resulting in desired outcomes at acceptable levels or rates. However, the literature indicates that existing performance funding programs encounter sizable obstacles to success and produce significant unintended impacts on students and colleges. In September 2013, California was one of 10 states having formal discussions of performance-based funding (National Conference of State Legislatures [NCSL], 2015). As such, policymakers in California are in need of guidance on how best to combat the obstacles encountered and unintended impacts produced by performance funding programs. This study contributes significantly to the existing literature and to policy since there are few studies done with regard to California Community Colleges and performance-based funding. Findings of the study will assist policymakers in understanding the various ways that performance-based funding is being framed and provide an intelligent basis for discussion and judging conflicting ideas, proposals, and outcomes with regard to accountability in higher education.
Delimitations/Limitations

Delimitations

This study only examined California Community Colleges (CCC) within the San Diego and Imperial Counties. It excluded other CCC campuses located outside of the San Diego and Imperial Counties, other public higher education institutions within the state of California (California State University and University of California systems), and independent, nonprofit and for-profit colleges and universities.

Limitations

There are many factors in California’s education and political system (e.g., education code, economic conditions, culture, structure of administrative body, shared governance structure, size and demographics of student population) that make generalizability and transferability problematic. Moreover, I am an administrator of a public higher education institution within the San Diego County. Being an insider-researcher may be a disadvantage as greater familiarity of the research topic can lead to a loss of objectivity. Unconsciously making wrong assumptions about the research process based on the researcher’s prior knowledge can be considered a bias (DeLyser, 2001; Hewitt-Taylor, 2002). While I collected data through one-on-one interviews, the limitations of this method (as opposed to using other qualitative data collection methods, such as focus group interviews) included:

- expensive and time-consuming;
- interviewee may have distorted information through recall error, selective perceptions, desire to please interviewer;
- flexibility may have resulted in inconsistencies across interviews;
volume of information was too large making it difficult to transcribe and reduce data; and
difficulty in scheduling interviews with high-level administrators since their availability was often limited.

Definition of Terms

Accountability: A policy of holding higher education institutions answerable for students’ academic progress by linking such progress with funding. This policy includes legislators specifying how state dollars are to be spent and asking if money had been used as intended.

Efficiency: The relationship between inputs and outputs. For the purpose of this study, inputs are categorized as dollars and outputs are categorized as graduation, degrees, persistence rates, and so forth.

Formula funding: An agreed set of criteria for allocating resources to operational units, such as schools, that is universally applied to all schools of a given type within an education jurisdiction.

Higher education: Study beyond the level of secondary education. For the purpose of this study, institutions of higher education included California Community Colleges located in the San Diego and Imperial Counties.

Interpretive policy analysis: An analysis of the various ways a policy is being framed; for example, the details of what it means, for which groups it holds those meanings, and what the conflicting interpretations are.

Performance-based funding: A system based on allocating a portion of a state’s higher education budget according to specific performance measures. A formula is
created in which specific institutional outcomes, such as numbers of graduates, are translated into discrete amounts of funding.

Performance budgeting: There is no explicit formula tying performance to funding. Rather, state government bodies announce that they will consider institutional achievements on performance indicators as one factor in determining their budget allocations to those institutions.

Performance reporting: Involves little or no explicit connection between performance and funding. Funders do not commit themselves to basing funding on performance.

PF 1.0: Performance funding taking the form of a bonus, over and above regular state funding for higher education. The performance funding bonus is relatively small, between 1% and 6% of base state funding for public higher education.

PF 2.0: Performance funding which is no longer a bonus on top of regular state funding, but rather part and parcel of the regular state base funding formula for higher education. The proportion of state funding tied to performance outcomes is typically 5% to 25% of total state funding for public higher education.

Public accountability: Obligations of public enterprises and agencies (who are entrusted with public resources) to be answerable for fiscal and social responsibilities, to those who have assigned such responsibilities to them.

Resource dependency theory: The study of how the external resources of organizations affect the behavior of the organization.
Stakeholders: Individuals or entities that stand to gain or lose from the success or failure of a system or an organization. For the purpose of this study, stakeholders included administrators and full-time faculty in leadership positions.

Theory of action: The principle that higher education institutions are revenue maximizers and will make a strong effort to improve their performance if the amount of funding involved is significant enough.
CHAPTER 2—LITERATURE REVIEW

Overview

In this chapter, I will start with an overview of three forms of state performance accountability in higher education. A brief history of accountability will be provided. Then, the current situation of performance-based funding, one of the more popular approaches, will be discussed. Lastly, the gaps to the existing literature will be addressed. Over the past three decades, policymakers have been actively seeking new ways to secure improved performance from higher education institutions (Bogue & Johnson, 2010; Rabovsky, 2012; Zumeta, 2011). Many states have used a variety of performance accountability programs, which differed in the strength of linkage between accountability measures and funding for higher education. For the purpose of this study, these accountability programs are grouped into three popular types—performance reporting, performance budgeting, and performance funding.

Performance Reporting

Performance reporting involves little or no explicit connection between performance and funding. The indicators used may be the same, but funders do not commit themselves to basing funding on that performance (Dougherty & Reddy, 2013; Sanford & Hunter, 2011; Shin, 2010). In fact, the main spur to institutional improvement is not so much threatened shifts in government funding as it is changes in institutional self-awareness and public reputation. The acquisition and dissemination of performance data may compel institutional change by making institutions more aware of their performance or of state priorities, or by fostering status competition among institutions desirous of being seen publicly as effective organizations (Burke, 2002).
In 2003, the Seventh Annual Survey of State Higher Education Finance Officers showed the continuing triumph of performance reporting and the continuing trials of performance budgeting and funding. Performance reporting spread to all but four states, while performance funding and budgeting experienced deeper declines (Burke & Minassians, 2003). According to this report, the triumph of reporting had three apparent causes. First, the publication of Measuring UP 2000 and 2002 popularized performance reporting (The National Center 2000, 2002). Second, continuing budget shortfalls eroded support for performance funding and budgeting. Third, bad budgets encouraged some state policymakers to see performance reporting as the “no cost” accountability program—an alternative to performance funding and budgeting.

**Performance Budgeting**

In performance budgeting, there is no explicit formula tying performance to funding. Rather, state government bodies (such as governors, legislatures, and coordinating or system boards) announce that they will consider institutional achievements on performance indicators as one factor in determining their budget allocations to those institutions (Burke, 2002; Dougherty & Reddy, 2013; Rabovsky, 2012).

This approach allows more flexibility in the measures selected and has been more widely implemented; by 2003, 35 states utilized the performance-budgeting method (Sanford & Hunter, 2011). However, in recent years, this form of performance accountability has greatly receded in attention, in good part because it is difficult to differentiate it in practice from performance reporting (Dougherty & Reddy, 2013).
Performance Funding

The strongest accountability policies, termed performance funding, connect state funding directly and tightly to institutional performance on individual indicators. A formula is created in which specific institutional outcomes, such as numbers of graduates, are translated into discrete amounts of funding (Bogue & Johnson, 2010; Dougherty, Natow, Bork, Jones, & Vega, 2013; Dougherty, Natow, & Vega, 2012; Dougherty & Reddy, 2013; McKeown-Moak, 2013; Rabovsky, 2012; Shin, 2010). The concept is that institutional improvement is a by-product of the fact that higher education institutions are resource-seeking organizations that wish to maximize their revenues or, at least, minimize revenue loss (Burke, 2002, 2005; Dougherty & Hong, 2006; McLendon, Hearn, & Deaton, 2006). Argyris and Schön’s (1996) Theories of Action, most often espoused by advocates of performance funding, indicate that institutional performance will be improved through material incentives that mimic the profit motive for businesses (Burke, 2005; Dougherty & Hong, 2006; Dougherty, Jones et al., 2013). Applied to higher education institutions, this theory of action holds that higher education institutions are revenue maximizers and will make a strong effort to improve their performance if the amount of funding involved is significant enough (Burke, 2002).

State performance funding programs come in many different forms, but it is useful to make a distinction between what has been called PF 1.0 and PF 2.0. Dougherty and Reddy (2013) describes PF 1.0 as taking the form of a bonus, over and above regular state funding for higher education. The performance funding bonus was relatively small, between 1% and 6% of base state funding for public higher education (Dougherty, Natow et al., 2013; Dougherty & Reddy, 2013). This bonus is allocated on the basis of certain
indicators (e.g., ultimate student outcome indicators, intermediate achievement indicators, and input indicators). Examples of such PF 1.0 programs are those established in Tennessee (1979), Florida (1994), Ohio (1995), and Washington (1997, 2007).

PF 2.0 programs differ from PF 1.0 in that performance funding is no longer a bonus on top of regular state funding, but rather part and parcel of the regular state base funding formula for higher education. The proportion of state funding tied to performance outcomes in PF 2.0 programs usually is higher—sometimes much higher—than that for PF 1.0 programs: typically, 5% to 25% of total state funding for public higher education. The new performance funding programs established in Indiana (2009), Ohio (2009), Pennsylvania (2002), and Tennessee (2010) are notable examples of PF 2.0 (Dougherty & Reddy, 2013). For Tennessee’s PF 2.0 program, student outcome indicators drive as much as 85% to 90% of state funding for public higher education operations (Dougherty & Reddy, 2013; Tennessee Higher Education Commission, 2011, 2012).

**The History of Accountability in Higher Education**

During the 1960s and 1970s, a primary policy question in the United States was how to allocate state appropriations equitably among a growing and diverse number of public colleges and universities. Bogue and Johnson (2010) described the policy adopted in many states as formula funding, an allocation policy based on enrollments (headcount and credits attempted) and costs by program (from English to engineering) and by level (from undergraduate to graduate).

Such policy formulas recognized cost variations by program type and level and resulted in a reasonable approach to equity, taking into consideration institutional
mission/program profiles and size of campuses and program. A later refinement added a dimension of peer funding in recognition that institutions were competing in a different salary market. The principle of “equivalent funding for equivalent program” was easily understood by educators and political leaders. This policy approach, however, was based on activity (e.g., on the number of students enrolled) but not achievement, and on how much but not on how good (Bogue & Johnson, 2010). As a result, colleges and universities had a financial incentive to boost enrollment at the start of the term, rather than make sure students successfully complete classes and earn degrees.

But as the needs and values of society and political institutions changed, the need arose for a serious reflection on balancing educational cultures of improvement and civic/political cultures of financial stewardship. This balance is reflected in such instruments as an institution’s governance arrangements, the amount of direction built into its government-provided budgets, and even its reporting requirements (Zumeta, 2011).

Several studies examined the challenge of framing effective accountability policies for colleges and universities and the questions of policy design to be engaged (Bogue & Johnson, 2010; Dougherty, Natow et al., 2013; Kallison & Cohen, 2010; Rabovský, 2012). For example, how might different stakeholders define the purpose of accountability policy and how might educational cultures of improvement be reconciled with civic/political cultures of financial stewardship?

According to Zumeta (2011), an important form of public accountability emerged via state budgetary appropriations, which gradually—but then more rapidly in the 1960s and later—became more complex and directive in many states in specifying how state dollars for higher education were to be spent. Over time, legislators and finance agencies
became increasingly likely to ask if money had been used as intended and sometimes wanted answers at a fairly detailed level. They also began inquiring about efficiency in resource use. In other words, they cared about the inputs (such as student enrollments) to higher education because state money was involved, but there was surprisingly little focus on outcomes of the spending, such as what students learned or how many graduated.

Beginning in the 1980s, policymakers began to feel that more than citizen board oversight and budgetary specification was necessary to ensure appropriate accountability from public higher education. The outcomes revolution was beginning. Why? Zumeta (2011) suggests there were six key factors that were at play:

1. Growth in the size and expense of public higher education simply made it more salient in state budgeting, especially during the nasty recession of the early 1980s where unemployment peaked at a higher level than even in the current downturn.

2. That recession led many in the United States to look toward business-based methods, some imported, of quality improvement and cost control.

3. It was in this period, as well, that we begin seeing commission reports and the like complaining about workers’ skills. The growing push for colleges to demonstrate what graduates “know and are able to do,” reflects in substantial measure these types of employer concerns that began in the 1980s.

4. Scholars of state government have noted how much more professionalized many legislatures have become in recent decades with longer sessions, better educated legislators and professional staffs, and of course much more data and capacity to analyze it. These developments have enabled legislators frustrated
with aspects of higher education (e.g., its cost) to dig more deeply and effectively into them.

5. Ronald Reagan had come to power as governor of California in the late 1960s on a crusade to “clean up the mess at Berkeley” and so was an early leader in the movement for closer scrutiny of higher education.

6. During the Reagan years, the federal government became involved in an unprecedented way in critiquing higher education’s costs, noting that the federal government pays for many students’ tuition bills with grants and loans and so is a major stakeholder. This perspective represented a big shift—for the federal government to be worrying about the internal decision-making of academic institutions.

Performance-Based Funding’s Current Situation

Performance funding arises from elected officials’ need for assurance that taxpayer funds are not only being invested and used properly but are resulting in desired outcomes at acceptable levels or rates (Cavanaugh & Garland, 2012; Powell, Gilleland, & Pearson, 2012; Tandberg, 2010). However, performance funding for higher education has had an up-and-down history. After first appearing in 1979 with Tennessee’s pioneering program, it was enacted by an increasing number of states through the 1990s, but then receded in the early 2000s as many states gave up their programs (Dougherty et al., 2012; Dougherty & Reddy, 2013).

Since then, however, it has been enjoying a considerable revival. Several states recently adopted or readopted performance funding, and many other states are actively discussing it (Callaway, 2012; Hermes, 2012; McKeown-Moak, 2013). As of July 2015,
32 states—Arizona, Arkansas, Colorado, Florida, Illinois, Indiana, Kansas, Louisiana, Maine, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, New Mexico, New York, Nevada, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, South Dakota, Tennessee, Texas, Utah, Virginia, Washington, Wisconsin, and Wyoming—have a funding formula or policy in place to allocate a portion of funding based on performance indicators such as course completion, time to degree, transfer rates, the number of degrees awarded, or the number of low-income and minority graduates. Five states—Connecticut, Georgia, Iowa, South Dakota, and Vermont—are currently transitioning to some type of performance funding, meaning the Legislature or governing board has approved a performance funding program, and the details are currently being worked out (NCSL, 2015). Figure 1 illustrates which states have performance-based funding in place at 2-year institutions, at 4-year institutions, at 2-year and 4-year institutions, and states that are still in transition.

Performance funding has also been receiving considerable attention from national policy groups and higher education associations (e.g., the National Conference of State Legislatures, the American Association of State Colleges and Universities, and Complete College America) and philanthropic organizations such as the Lumina and Gates Foundations (Bogue & Johnson, 2010; Cavanaugh & Garland, 2012; Dougherty et al., 2014; Dougherty, Natow, et al., 2013; Dougherty & Reddy, 2013; Lumina Foundation 2011; Social Program Evaluators and Consultants [SPEC] Associates, 2012a, 2012b).
Immediate Impacts of Performance Funding

The immediate institutional impacts of performance funding are the direct mechanisms through which performance funding programs catalyze changes in institutional performance (Dougherty & Reddy, 2013).

The possible “theories of action” (Argyris & Schön, 1996) involve producing changes in college policies, programs, and practices that will yield the student outcomes of interest by creating changes in institutional finances; college knowledge of state goals and intended methods for performance funding; college awareness of their own
institutional outcomes and how these outcomes compare to state standards and to institutional goals; provoking status competition among colleges according to their performance on outcome measures; and providing resources to improve the capacity of colleges to engage in productive organizational learning (Burke, 2002; Dougherty & Hong, 2006; Dougherty et al., 2014a; Dougherty, Natow et al., 2013; Dougherty & Reddy, 2013; Gray, Harkreader, & Wagar, 2001).

The literature revealed that there is a genuine interest in determining the extent that state policy brings changes in institutional performance. For stakeholders, the concern is that if state policy can only marginally affect institutional performance, then governmental involvement in higher education might not produce the expected positive results, and might even produce negative results (Cavanaugh & Garland, 2012; Rabovsky, 2012; Shin, 2010).

**Intermediate Institutional Changes**

Intermediate institutional impacts consist of organizational changes—made in response to state revenue changes, increased awareness of state education goals and institutional performance, heightened status competition, and increased capacity for organizational learning—that are designed to boost a college’s student outcomes (Dougherty & Hong, 2006). Broadly, these organizational changes can be broken down into three areas: alterations to academic policies, programs, and practices; alterations to student service policies, programs, and practices (e.g., registration, financial aid, first-year retention programs, counseling and advising, and job placement services); and changes in developmental education and tutoring (Dougherty & Reddy, 2013; Gray et al., 2001; Jenkins, Ellwein, & Boswell, 2009; Rabovsky, 2012).
Impact on Student Outcomes

The student outcomes that states are attempting to affect through performance funding include improved numbers and rates of retention, successful remediation, credit accrual, transfer, graduation, and job placement (Dougherty, Hare, & Natow, 2009; Dougherty & Hong, 2006; Offenstein & Shulock, 2010). Unfortunately, despite the importance of these outcomes, the current research literature on performance funding sheds relatively little light on the extent to which they are being realized. For many student outcomes, there are few studies on the impact of performance funding. And even when there are studies, very few of them control for possible factors competing with performance funding to account for changes in student outcomes (Dougherty & Hong, 2006; Dougherty & Reddy, 2013; Gray et al., 2001; Sanford & Hunter, 2011; Shin, 2010).

Unintended Impacts of Performance Funding

Policymakers announce certain goals when adopting performance funding, but as with any policy intervention, there are also consequences associated with performance funding that are unintended, at least publicly (Dougherty & Hong, 2006). The unintended impacts uncovered in the research literature include costs of compliance with performance funding mandates; narrowing of institutional missions (e.g., colleges may de-emphasize missions that are not rewarded or only minimally rewarded by the performance funding); grade inflation and weakening of academic standards; restricting the admission of less prepared students in order to boost their retention and graduation rates; and diminished faculty voice in academic governance (Dougherty & Hong, 2006; Dougherty & Reddy, 2013; Gray et al., 2001; Jenkins et al., 2009; Lahr et al., 2014).
In a 2014 study of the implementation of performance funding at nine community colleges in three states (Indiana, Ohio, and Tennessee), 110 senior and midlevel administrators and department chairs were asked about unintended consequences that their colleges had encountered in the process of responding to the state’s performance funding demands (Lahr et al., 2014). The most commonly mentioned unintended impact of performance funding was restricted admission of less-prepared (and less advantaged) students. The authors of this study observed that while more selective colleges may not perceive this change as unwelcome, a decided move to greater admissions selectivity could gravely undermine the open-access mission of community colleges and broad-access 4-year institutions. This unintended result was typically stated as a potential impact, although one that might already be taking form (Lahr et al., 2014).

In the same 2014 study, the second most frequently cited unintended impact of performance funding across the nine community colleges was a lowering of academic standards. Interviewees feared that academic standards could be weakened through grade inflation, movement of students too quickly through developmental education, and degree requirements becoming less rigorous (Lahr et al., 2014).

It is worth noting here that during the literature review, I did not find any mention of the impact that performance-based funding may have on ethnic minority student support programs, such as Umoja, a Kiswahili word meaning unity. Umoja is a community and critical resource dedicated to enhancing the cultural and educational experiences of California Community College students, serving at risk, educationally and economically disadvantaged students (Umoja Community, 2015).
Obstacles to the Effectiveness of Performance Funding

A sentiment that is quite common among institutional officials is that performance funding has had little real impact on institutional performance and that it is largely a symbolic practice. This pervasive undercurrent of skepticism about performance funding reflects the many obstacles that it encounters when implemented (Dougherty & Reddy, 2013).

One of the major obstacles in performance funding’s effectiveness is inadequate state funding of performance funding (e.g., the proportion of state funding of higher education tied to performance outcomes were 1% or less). According to Pfeffer and Salancik’s (1978, 2003) resource dependence theory, higher education institutions selectively and strategically respond to demands impacting their survival and growth. Thus, the success of the new accountability depends on an institution’s response to the new accountability. If the financial incentives linked with institutional performance are attractive, institutions might incorporate the new accountability into their internal systems; otherwise, institutions might not be motivated to change. If the reward associated with the proposed policy changes was not sufficient, then higher education institutions might not incorporate institutional changes (Scott, 1987; Shin, 2010).

Many authors have been cited for their contribution to a list of obstacles that impact performance funding’s effectiveness (i.e., Bogue, 2002; Burke, 2002; Dougherty et al., 2012; Dougherty & Hong, 2006; Dougherty, Jones et al., 2013; Dougherty et al., 2014a; Dougherty & Reddy, 2013; Gray et al., 2001; Jenkins et al., 2009; Pheatt et al., 2014; Reddy et al., 2014). The following items were consistently found in the research literature by these authors:
• the perceptions of higher education institutions that they were not sufficiently consulted in developing the policies;

• inappropriateness of performance measures employed (e.g., focusing on graduation numbers minimizes the core mission of community colleges, which is to help students fulfill personal learning objectives that may not include earning a degree);

• failure to take into account differences among institutions in their mission and in their capacity to meet performance standards;

• instability in performance funding levels, performance indicators, and measures when budgets fluctuated;

• many performance funding measures do not last for many years, thus undercutting their capacity to produce effects;

• shortfalls in regular state funding (e.g., the funds allocated under the regular enrollment-based formula had not kept pace with enrollment growth);

• student characteristics (particularly lack of preparation for college);

• insufficient organizational capacity to address performance funding demands (e.g., lack of access to necessary data and insufficient analytic capacity);

• lack of state funding to mount new programs to improve student outcomes;

• awareness of performance funding and its requirements varies greatly within institutions, with those at the top of the hierarchy possessing greater understanding of and responsibility for the performance funding process than middle-level administrators and faculty who also must play an important role in implementing performance funding;
• faculty fears that academic standards would be weakened (e.g., be expected to pass more students in order to raise the numbers); and
• institutional resistance to and gaming of the system.

Gaps to Existing Literature

In the existing literature, the study participants mostly consisted of governors and advisors; legislators and staff; business leaders; and consultants from the 32 states that have implemented performance-based funding. This study closes gaps in the literature review since its population includes stakeholders, specifically administrators and full-time faculty in leadership positions, from the California Community Colleges located within the San Diego and Imperial Counties. This specific population, who would be directly impacted by performance-based funding, has not been studied before.

The existing literature included qualitative studies that relied too often on self-reports and did not sufficiently triangulate the data with other kinds of evidence. There was too much reliance on simple self-reports, often from a rather limited number of interviewees within any given institution. As a result, it was often hard to gauge how well the existing qualitative studies captured the true dimensions of institutional responses to performance funding. The self-reports rarely carried any clear metrics to allow accurate gauging of the breadth and depth of institutional responses to performance funding. In this study, the research methodology also included self-reporting. However, the accuracy of the participants’ responses have been cross-checked against public, institutional and state documents, to include the California Community Colleges Chancellor’s Office DataMart Management Information Systems and documents.
regarding quasi-PBF models, for example, Performance for Excellence and Student Success Initiative.
CHAPTER 3—METHODOLOGY

The purpose of the study was to examine how stakeholders of California Community Colleges perceive the performance-based funding strategy. Generally speaking, stakeholders are individuals or entities who stand to gain or lose from the success or failure of a system or an organization. For the purpose of this research, stakeholders include administrators and full-time faculty in leadership positions. Understanding stakeholders’ perceptions and taking the necessary steps to address concerns will be critical to better planning; new and creative initiatives; expanded ownership of organizational goals; increased transparencies; and improved resource allocation—all of which promote organizational success and curb failure.

In this chapter, the research methodology will be defined, the sampling methodology will be identified, and the research instrument used will be reviewed. Also, in this chapter, the data collection procedures and data analysis strategies will be discussed.

Qualitative Method

The research methodology was qualitative since the goal of the current study sought to provide understanding from the respondent’s own perspective and meaning. Qualitative research is interested in understanding the meaning people have constructed, that is, how people make sense of their world and the experiences they have in the world.

Interpretive Presuppositions

For the purpose of this study, the specific methodology type was interpretive policy analysis. Interpretive methods were appropriate since it was based on the presupposition that we live in a social world characterized by the possibilities of multiple
interpretations. Central to interpretivist methodologies is the role that meanings—values, beliefs, and feelings—play in the understanding of social realities. Yanow (2014) mentions that “such an approach argues in favour of thickly contextualized renderings of social realities and of recognizing the inescapable subjectivity of the researcher as well as of the researched, along with the intersubjective making of situated meaning” (p. 133).

Proponents of interpretive methods argue that there are no brute data whose meaning is beyond dispute. Moreover, dispassionate, rigorous science is possible—but not the neutral, objective science stipulated by traditional analytic methods (as represented by the scientific method).

Interpretive policy analysis asks the question, “What are the meanings of a policy?” According to Yanow (2000):

This methodology builds from the premise that the promise and implications of a policy are not transparent and easily evident in its text. Instead they are hidden (and sometimes incompatible) conclusions that are warranted in different ways by the assumptions of policymakers and multiple constituencies. To unwrap these perspectives, the researcher must identify groups of stakeholders and the “policy artifacts” (consisting of symbolic language, objects, and actions) that determine how a policy, together with the policy process, is “framed” or understood. (p. v)

Moreover, interpretive policy analysis focuses on meanings that shape actions and institutions, and the ways in which they do so. Meanings are not just representations of people’s beliefs and sentiments about political phenomena; they fashion these phenomena. To understand, for example, why performance-based funding may fail to
bring about its intended effects, it is important to gauge what that funding policy means to the stakeholders impacted.

Interpretive policy analysis as the research methodology for this study was appropriate for the following reasons:

- it seeks to understand the meaning or meanings performance-based funding have for community college stakeholders;
- it is a useful method for conducting an analysis of the various ways performance-based funding is being framed—e.g. the details of what it means, for which groups it holds those meanings, and what the conflicting interpretations are;
- because community college stakeholders’ understanding of the policy are or will be central to the enactment of performance-based funding; and
- ideally, policy analysis is expected to provide both legislators and stakeholders with an intelligent basis for discussion and judging conflicting ideas, proposals, and outcomes.

In-Depth Interviews

The study involved 1-hour one-on-one, semi-structured, in-depth interviews with two stakeholder groups. Data saturation was the criterion by which to determine that the sample size was adequate. In-depth interviewing was chosen for the study for the following reasons:

- it provided the opportunity to generate rich data;
- language use by participants was considered essential in gaining insight into their perceptions and values;
• social cues, such as voice, intonation, and body language of the interviewee, gave the interviewer a lot of extra information that can be added to the verbal answer of the interviewee on a question; and

• semi-structure interviews provided reliable and comparable qualitative data.

Limitations

The limitations of the research methodology were addressed in several ways. For interview participants who were not easily accessible, I arranged an alternative method of interviewing via telephone. The disadvantage of telephone interviewing was that I was not able to pick up on social cues, such as body language of the interviewee, which would have provided me with extra information that would be added to the verbal responses to a question.

Since the participants were strangers, I used different methods to build rapport and trust to ensure that participants were as thoughtful and forthcoming with their responses. This included assuring confidentiality before the scheduled interview. During the interview, I attempted to read the participants and considered whether they needed coddling, complimenting, or a professional approach to make them feel comfortable. I also aimed to get a sense of the participants’ communication style, vocabulary, and personality, then reflected these back, matching the participants’ energy level.

Data were validated through triangulation, which included data collected from the in-depth interviews, follow-up interviews and available public documents. Member checking relating to the accuracy of the data took place “on the spot” in the interview and at the end of the data collection.
Sampling Methodology

In this study, nonprobability purposive sampling was used to recruit specific individuals for one-on-one 1-hour semi-structured interviews. Participants were selected who can best inform the research questions and enhance understanding of performance-based funding. Therefore, participants included stakeholders of California Community Colleges located in close proximity to me, specifically in the San Diego and Imperial Counties (Figure 2).

<table>
<thead>
<tr>
<th>Institutions That Participated in the Study</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic Senate for California Community Colleges</td>
</tr>
<tr>
<td>Cuyamaca College</td>
</tr>
<tr>
<td>Grossmont Community College</td>
</tr>
<tr>
<td>Grossmont-Cuyamaca Community College District</td>
</tr>
<tr>
<td>Imperial Valley College</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

Figure 2. Institutions within the San Diego and Imperial Counties that participated in the study.

Stakeholders included administrators and full-time faculty in leadership positions (Table 1). I chose to interview participants with a broad general knowledge of performance-based funding, participants who have concerns about the implementation of performance-based funding at the institutional level, and participants who have recommendations for structuring a performance-based funding system which would protect access and promote student success. Diligent attempts were made to produce a participant pool that was diverse and representative of the two stakeholder groups.
Table 1

Stakeholders, by Position, That Participated in the Study

<table>
<thead>
<tr>
<th>Administrators</th>
<th>Faculty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chancellor</td>
<td>Executive Committee Member, Academic Senate</td>
</tr>
<tr>
<td>Vice Chancellor</td>
<td>Executive Board Member, American Federation of Teachers</td>
</tr>
<tr>
<td>President</td>
<td>Chair of the Committee of Chairs</td>
</tr>
<tr>
<td>Superintendent</td>
<td>Department Chair</td>
</tr>
<tr>
<td>Vice President, Student Services</td>
<td></td>
</tr>
<tr>
<td>Dean</td>
<td></td>
</tr>
<tr>
<td>Director</td>
<td></td>
</tr>
</tbody>
</table>

Of the 26 study participants, 54% were administrators and 46% were full-time faculty in leadership positions (see Figure 2). At least 38% of the study participants had more than 20 years of service in higher education (see Figure 3). Sixty-two percent of the participants were female (see Figure 4), and 69% were Caucasian (see Figure 5).

Figure 3. Institutional role of study participants.
Figure 4. Study participants’ years of service in higher education.

![Years of Service in Higher Education](image)

<table>
<thead>
<tr>
<th># of Participants</th>
<th>up to 10 years</th>
<th>11 - 20 years</th>
<th>21 - 30 years</th>
<th>above 30 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Series1</td>
<td>4</td>
<td>12</td>
<td>6</td>
<td>4</td>
</tr>
</tbody>
</table>

Figure 5. Gender of study participants.

![Gender](image)

The number of participants chosen relied upon the number required to inform fully all important elements of performance-based funding. The sample size was determined to be sufficient when additional interviews did not result in identification of new concepts (data saturation).
Figure 6. Race of study participants.

The study purposely excluded 4-year universities, private universities, and community colleges located outside of the San Diego and Imperial Counties based on the research questions and the purpose of the research. The participants did not include legislators or policy makers, as I was interested in the perceptions of those who will be directly impacted by the funding strategy.

Interview Protocol

In March 2015, a preliminary study was conducted to gather information from public documents (such as minutes of meetings, memos, publications, newspapers, newsletters, research papers) in order to formulate the questions that were asked during the in-depth interviews. Once an interview protocol that contained in-depth questions was developed, it was reviewed by a panel of experts who have a doctoral degree in education and years of experiences conducting research in higher education. The panel checked for readability, ambiguity, and wording. The panel also verified that the interview questions tied back to the purpose of the study and addressed the research
questions. After the panel review, the interview protocol was pilot tested with a couple of administrators and faculty to ensure the interview questions were clear and understandable.

The interview protocol consisted of a description of the purpose of the study, an explanation of informed consent and confidentiality, and relayed to the interviewee that there might be subsequent contact if there was a need to clarify information, ask additional questions, or perform member checking (see Appendix B). The protocol was used as an interview strategy tool to:

- develop open-ended questions (e.g., What do you think of performance-based funding? What are your concerns about the funding strategy?);
- focus the question sequence from general to specific;
- use the probes as a starting point for discussion; and
- follow the probes with requests for more detail and information.

**Data Collection Procedures**

A recruitment flyer was developed that contained a brief description of the purpose of the study, research questions, and my contact information (see Appendix C). Using San Diego State University's Institutional Review Board (IRB) template, an informed consent form was developed (see Appendix D), which included the following:

- a statement that the subject is being asked to participate in a research study;
- an explanation of what the study is designed to determine;
- the expected duration of the subject's participation;
- a declaration that the interview session will be audio recorded for ease and accuracy;
mention of a $10 Visa gift card that will be given as an incentive for participation;

- a description of the extent to which confidentiality of records identifying the subject will be maintained (including the procedures for using and storing data and who will have access to the data);

- contact information of me and SDSU’s IRB for the subject to contact if they have questions or concerns about their participation in the research; and

- a statement that the subject’s participation in the study is voluntary and an explanation that if the subject decides to participate, they can withdraw their consent and stop their participation at any time.

After I obtained the approval from SDSU’s Institutional Review Board in April 2015, data collection began. Potential interview participants were initially recruited with the assistance of a contact person at the American Association of Community Colleges, SDSU’s Alumni Association Community College Chapter, and SDSU’s Doctoral Program in Community College Leadership. The contact person sent an email to potential participants with the recruitment flyer and informed consent form. Subsequent interview participants were recruited by perusing each of the college’s website for participants who were either in an administrator role or a full-time faculty in a leadership position. I sent an email to the potential participants with the recruitment flyer. In both the initial and subsequent recruiting attempts, persons who were interested in participating in the in-depth interviews contacted me directly indicating their interest.

During the initial contact with the participants, verification was done by me to ensure that the potential participant was a stakeholder (as defined by the study) of
California Community Colleges within the San Diego and Imperial Counties. I scheduled the interviews to occur between mid-April and mid-June at each of the participants’ office. Then, I sent the list of interview questions and consent form to the participants via email. Sending the interview questions in advance allowed the participants to respond more thoroughly to each question. I stressed the importance of having the consent form returned with the participant’s signature before the scheduled interview. I also reassured the participants that their participation in the study would remain confidential.

At the interview session, an interview protocol was used, and the interviewer started the session by introducing herself, describing the purpose of the study, and informing the interviewee that the session would be audio recorded. Participants were assured that there would be privacy and confidentiality in gathering, storing, and handling data in all aspects of the study. Participants were also guaranteed that the data would be destroyed at the conclusion of the study but would be stored in my personal computer files until that time. Participants were assured that confidentiality would be maintained by omitting their names and respective institutions from the dissertation.

During the interview, I used the interview protocol to ask questions, interject probing comments, transitional questions, and paraphrase what was said. The session was audio recorded so that I would be able to take extensive notes of her observations, highlight critical quotes, and record the participants’ nonverbal responses to the questions. The audio recordings were sent to a professional transcriptionist via email. Then, the transcripts were sent back to me via email. Both the audio recordings and transcripts were accessible only to me, the transcriptionist, and dissertation committee chair.
Data Analysis Strategies

The type of data analysis method used was constant comparative analysis. To make sense of the data, I first organized and prepared the data for analysis. This involved using a qualitative software called NVivo to import a whole range of different kinds of data, such as transcribed interviews, literature reviews, and other source documents. The NVivo software was used by me to organize (e.g., by sources) and manage material (e.g., store and retrieve data, develop themes, conduct analysis, and backup findings with evidence).

While reading through all the data, I attempted to obtain a general sense of the information and to reflect on its overall meaning: What general ideas are participants saying? What is the tone of the ideas? What is the impression of the overall depth, credibility, and use of the information? This was accomplished by writing annotations and general thoughts about the data.

Then, I began a detailed analysis with a coding process using the NVivo software to discover subtle connections in the data, which was not simply possible manually. NVivo provided tools (e.g., through the use of queries) that allowed me to ask questions of the data in a more efficient way (e.g., “What words have people used most frequently?” and “How are people talking about ‘performance-based funding’ specifically?” and “What meanings do they attach to this funding strategy?”).

Data were organized by taking text data gathered during data collection, segmenting sentences (or paragraphs) into categories, and labeling those categories. Data were coded using a constant comparative analysis in three phases: comparison within a
Comparison Within a Single Interview

At the start of the research, a comparison was conducted within one interview. In the process of open coding with the NVivo software, every passage of the interview was studied to determine what exactly has been said and to label each passage with an adequate code. By comparing different parts of the interview, the consistency of the interview as a whole was examined (e.g., determine if the same interviewee had contradictory responses throughout the session). Important questions regarding comparison in this first phase of analysis were: Which codes were used to label the categories in this particular interview? What characteristics did fragments with the same code have in common? What was the core message of this interviewee? Was the storyline consistent? Were there any expressions that were contradictory? How were all the fragments related?

Comparison Between Interviews Within the Same Stakeholder Group

The comparison in this step was between interviews within the same stakeholder group (e.g., analyzing interviews within the administrator group), which meant comparing interviewee A’s response to interviewee B’s response to the same question. At this stage, the NVivo software was used to look for patterns or, in other words, for combinations of categories or codes. Questions in this phase that were of importance included: Was interviewee A talking about the same category as interviewee B? What did both interviews tell us about the category? What themes emerged? What were the similarities and differences between interviews A, B, C . . . ? What were the criteria underlying this
Comparison? What combinations of codes/concepts occurred? What interpretations existed for this?

Comparison of Interviews From Different Stakeholder Groups

In this third step, interviews from the two different stakeholder groups were compared with regard to their responses to the same question (e.g., analyzing administrator interviews as compared to faculty interviews). The NVivo software was used to address questions such as: What did administrators say about certain themes and what did faculty have to say about the same themes? Which themes appeared in one group but not in the other group and vice versa? Why did the two stakeholder groups view issues similarly or differently? What nuances, additional detail, or new information did a stakeholder group supply about the topic of interest?

Trustworthiness

Credibility of the research was enhanced through triangulation. Data were collected from the in-depth interviews and follow-up interviews. Supporting data were also obtained from public documents (such as minutes of meetings, memos, publications, newspapers, newsletters, research papers) to provide a background to and help explain the stakeholders’ attitudes and behavior, as well as to verify particular details that participants had supplied. Member checking relating to the accuracy of the data took place “on the spot” in the interview and at the end of the data collection. Participants were asked to read any transcripts of dialogues in which they had participated to determine if their words matched what they actually intended. A few participants clarified the intent of what they said during the interviews and provided further explanation and context that were included in the research.
To enhance transferability, I conveyed the boundaries of the study by thoroughly describing the research context and the assumptions that were central to the research. Information on the following issues were given at the outset: (a) the number of participants taking part in the study and where they were located; (b) any restrictions in the type of people who contributed data; (c) the data collection methods that were employed; (d) the number and length of the data collection sessions; and (e) the time period over which the data were collected.

In order to address the dependability issue, the processes within the study were reported in detail, thereby enabling a future researcher to repeat the work, if not necessarily to gain the same results. So as to enable readers of the research report to develop a thorough understanding of the methods and their effectiveness, the dissertation included sections devoted to (a) the research design and its implementation, describing what was planned and executed on a strategic level; (b) the operational detail of data gathering, addressing the minutiae of what was done in the field; and (c) reflective appraisal of the project, evaluating the effectiveness of the process of inquiry undertaken.

To enhance confirmability, I documented the procedures for checking and rechecking the data throughout the study. I also actively searched for and described any negative instances that contradicted prior observations. After the study, I conducted a data audit to examine the data collection and analysis procedures and made judgments about the potential for bias or distortion.
CHAPTER 4—RESULTS

Overview

In this section, I will present an overview of the results of the investigation. This includes findings to the following research questions:

1. What is performance-based funding from the community college stakeholders’ perspective?
2. What concerns do community college stakeholders have regarding performance-based funding?
3. How can California Community Colleges effectively overcome the obstacles encountered and minimize the unintended impacts produced by performance-based funding?

Findings of the research are summarized in Table 2.

Perceptions of Performance-Based Funding

At the outset of the interview, I wanted to get a sense of the participants’ general perception of performance-based funding by asking what PBF is from the community college stakeholders’ perspective. This allowed me to gauge how familiar the participant was of the topic prior to the interview. While every participant understood the general principal of PBF as a funding strategy based on allocating a portion of a state’s higher education budget according to specific performance measures, each participant had very specific views of performance-based funding.

Flawed Assumptions

The first common theme shared between both administrators and faculty was that there are flawed assumptions by the legislators and policymakers regarding
Table 2

Summary of Research Findings

<table>
<thead>
<tr>
<th>What is PBF from the community college stakeholders’ perspective?</th>
<th>What concerns do community college stakeholders have regarding performance-based funding?</th>
<th>How can California Community Colleges effectively overcome the obstacles encountered and minimize the unintended impacts produced by performance-based funding?</th>
</tr>
</thead>
</table>
| Themes:  
- flawed assumptions by legislators and policy makers  
- applying a business model to public higher education is problematic  
- a movement toward defunding education  
- the value of public higher education  
- PBF has no benefit at all  
- quasi-PBF models are already in place | Themes:  
- educators have no control over variables  
- PBF will lead to the lowering of academic standards and gaming of the system  
- PBF will ultimately limit access | Themes:  
- expand the definition of success  
- include all the right stakeholders and change the dialogue  
- a need for guaranteed base funding |

performance-based funding in a public institution of higher education. A department chair stated:

The legislators believe that this educational process can produce identifiable outcomes that could be easily measured, and they can hold people clearly accountable for whether these outcomes occur or don’t occur. It enables somebody to have a rational tool at the top, who is completely distant from the experience of what is happening on the ground, to make some sort of decision about how to allocate scarce funds. But the problem is that those decisions may be distorting what the educational institution is about.
Other participants indicated that a performance-based model makes assumptions that (a) educators are doing the bare minimum and will only increase their effort or perform better if they receive more money; (b) educators will not do what is right unless they are mandated to do so; and (c) educators cannot be trusted to do what is best for students, so it is up to policymakers to dictate education priorities through legislation and funding. As one member of the Senate Executive Committee expressed, “I think there is so much bad rhetoric out there that we are all these bloated, overpaid lazy people.” A union president shared the sentiments of many of the participants by stating, “The people who are legislating how to teach don’t know a thing about teaching.”

**Applying a Business Model**

A second common theme was participants expressing their concern that performance-based funding pushes public education towards a business model or an efficiency model that does not take quality into consideration. These participants regard the imposition of a business model on to public education as not only problematic, but also inappropriate. This sentiment comes from the belief that educators would be held accountable for things they have no control over, such as the failure of students who are not academically prepared. One department chair indicated:

> In K through 12, educators have been completely taken out of the equation. They are not decision makers anymore. Now they teach to the test. They do all this stuff because that is what their job is now. And then ultimately when we [the community colleges] get them, we have these huge numbers of students that are not prepared to be here. So we can see how not letting educators make decisions
about education ultimately ends up. We have the majority of our students on this campus in remediation when it comes to math and English.

This department chair was referring to the No Child Left Behind (NCLB) Act of 2001. The Act requires states to develop assessments in basic skills. To receive federal school funding, states must give these assessments to all students at select grade levels. The Act does not assert a national achievement standard. Each individual state develops its own standards. No Child Left Behind expanded the federal role in public education through further emphasis on annual testing, annual academic progress, report cards, and teacher qualifications, as well as significant changes in funding. According to the White House’s (2015) website on Reforming No Child Left Behind:

As states move forward with education reforms, some provisions of No Child Left Behind stand in the way of their progress. Although NCLB started a national conversation about student achievement, unintended consequences of NCLB have reinforced the wrong behaviors in attempting to strengthen public education. NCLB has created incentives for states to lower their standards; emphasized punishing failure over rewarding success; focused on absolute scores, rather than recognizing growth and progress; and prescribed a pass-fail, one-size-fits-all series of interventions for schools that miss their goals. (para. 1)

Others have made observations that the legislators are generally people with business backgrounds. Therefore, it is not surprising that these legislators would assume that applying a business model to public education makes logical sense and would produce desired outcomes.
Participants have voiced their concerns about these accountability or business models going against the grain of the Master Plan for higher education. A major feature of the Master Plan as adopted in 1960 and amended in subsequent legislative reviews include the differentiation of functions among the public postsecondary education segments (i.e., University of California, California State University and California Community Colleges). The California Community Colleges have as their primary mission to provide academic and vocational instruction for older and younger students through the first 2 years of undergraduate education (lower division). In addition to this primary mission, the Community Colleges are authorized to provide remedial instruction, English as a Second Language courses, adult noncredit instruction, community service courses, and workforce training services. Another major feature of the Master Plan is the establishment of the principle of universal access and choice, and differentiation of admissions pools for the segments. California Community Colleges were to admit any student capable of benefitting from instruction. This is commonly referred to as “admitting the top 100%” amongst CCC educators.

There were at least one dean and one department chair who disagreed with their colleagues about the application of a business model in public education. As one department chair explained:

Yes, we are a school. But, we should be acting like a business. We should be acting like students are our client and our customers and we have a product we need to sell. And if we are not selling it correctly, if we are not providing that, if it is a junk product . . . . Unfortunately, it is not like people can come back and
return the classroom experience or return the bad educational experience. What happens to them?

**Movement to Defund Education**

A third theme was faculty expressing extreme frustration that performance-based funding is even a consideration for California Community Colleges. These faculty believe that there is a movement to defund education, especially since colleges have not received full funding for many years and now they are being held accountable for the minimal amount of funding they do receive. As one board member of the American Federation of Teachers declared:

We have problems in public education in California. In the middle of an economic crisis to start ratcheting up the standards to which we are going to be held accountable, it just seems not well thought out at best and kind of a purposeful attack on public education at worst. Somewhere, the reality probably lies along a range with some people genuinely interested in defunding public education and other people just really wanting to make sure that we’re doing what we are supposed to be doing.

A member of the Senate Executive Committee indicated, “I think we are getting to a point where there is a push to dissolve public education. I really do feel like that type of funding model is pretty much ending public education as we know it now.” An Academic Senate President stated:

It is unconscionable how much congressional members don’t understand community colleges. How can the federal government stand by during this great recession and allow our programs to be decimated? How is this happening? I
think performance-based funding has its niche. But, the bigger broader policy issue is do we want to have public education in our country? Or are we paying lip service? In a down turn, do we pull the rug out from under it?

California’s financial commitment to higher education has been compromised by fiscal crises and competing state priorities. Despite large increases in the demand for higher education, state general fund spending in this area has declined notably over the past 10 years. As several of the faculty pointed out, California now spends more on corrections than on its public universities. This decline in the budgetary priority of higher education is part of a much longer historical trend. According to a report published by Public Policy Institute Of California, “In the mid-1970s, for example, the state spent almost four times more on higher education than on corrections, and almost 18 percent of all general fund expenditures went to higher education. Today, higher education receives around 12 percent.” (Johnson, 2012, p. 4). Figure 7 displays the percentage of general fund expenditures on higher education over a 40-year period.

Value of Education

A fourth theme was participants expressing the value of a public higher education and how performance-based funding will negatively impact society. They have cited examples, such as analytical, critical thinking and problem solving skills, an individual’s ability to obtain better jobs and salaries, as well as promote a wide range of socioeconomic gains for both individuals and society involving health, crime, life expectancy, quality of life, and civic responsibility. The conversation reflects a debate brewing nationally about the measurement of student outcomes in higher education. One department chair stated:
I think that the idea of having public education and having a well-funded system of public education, K through community college, is vital to the quality of our workforce, the quality of life, and participation in a democratic society. It is based on socialist principals, and performance-based funding has no place in publicly funded education. If we want a well-educated populace, we need to make sure we are funding education.

A union president indicated:

Public education is going by the wayside in this country. We used to put all this money in our public institutions. This is a democracy, and this is America, and everyone should have a chance. The fact that we publicly fund education to give everyone a more equal chance is a critical foundational value of this country and what has made us great.
The participants’ comments regarding the value of higher education are consistent with findings from a report released by The Institute for Higher Education Policy (1998), which highlights the need to sustain a high level of commitment to higher education. The report warns that reduced investment may lead to growing social and economic disparities, increased public expenditures on social welfare programs, and loss of competitiveness, among other problems. The study finds that higher education benefits include:

- public social benefits: reduced crime rates; higher voter participation (30% higher); more social cohesion and appreciation of diversity or social “connectedness”; greater ability to adapt to technology; and more charitable giving and volunteerism;

- private social benefits: longer life expectancy and better general health (increased exercise, less smoking, more leisure activities); improved quality of life for college graduates’ children (higher cognitive levels and educational attainment); better consumer decision-making; and improved personal status;

- public economic benefits: higher contributions to tax revenues; greater productivity (generating nearly all of the productivity increase within the last two decades); higher consumption; and reduced reliance on government financial support (food stamps, Medicaid, Aid to Families With Dependent Children, etc.); and

- private economic benefits: higher lifetime and average salaries (some 73% more) for those who have gone to college; higher employment rates and
greater job consistency; higher savings levels; improved working conditions and mobility.

This report reexamines fundamental questions about the public and private value of college that have been missing from the public dialogue in many years. The narrow focus on money and jobs as the primary outcomes of college distorts the broad value that we all derive from college education. A broad liberal arts education has been the intent and value of public higher education since its inception and is a well-recognized basis of our country’s success. It yields measurable and substantial benefits for graduates. But it similarly benefits the communities where they live by measures ranging from increased economic productivity and an enhanced tax base, to reduced needs for public services, assistance programs and health care needs, and a more civil and law-abiding citizenry.

The California Community Colleges Chancellor’s Office website (2015) offers some key facts about the value of community colleges to California and the high return on investment on a college education for California (Table 3).

**No Benefit at All**

The fifth theme was participants’ insistence that performance-based funding is a terrible idea and that there is no benefit at all regardless of PBF’s intention. A senior district administrator, who is intimately involved in statewide discussions with the legislature about performance-based funding, believes that PBF is very shortsighted, negative, and unrealistic, given the nature of community colleges.

One department chair, who is passionately against PBF, went as far as stating, “I don’t know that I can answer that honestly. For example, I’m against capital punishment, and it is like asking me which form of capital punishment I think is the most humane.”
Table 3

Value of Community Colleges to California and the High Return on Investment

<table>
<thead>
<tr>
<th>Value to California</th>
<th>High return on college education</th>
</tr>
</thead>
<tbody>
<tr>
<td>- California community colleges educate 70% of our state’s nurses.</td>
<td>- The California Community Colleges is the largest provider of workforce training in the state and nation.</td>
</tr>
<tr>
<td>- California community colleges train 80% of firefighters, law enforcement personnel, and emergency medical technicians.</td>
<td>- For every $1 California invests in students who graduate from college, it will receive a net return on investment of $4.50.</td>
</tr>
<tr>
<td>- Twenty-nine percent of University of California and 51% of California State University graduates started at a California community college.</td>
<td>- Californians with a college degree will earn $400,000 more in their lifetime than their peers with only a high school diploma.</td>
</tr>
<tr>
<td>- Transfer students from the California Community Colleges to the University of California system currently account for 48% of UC’s bachelor’s degrees in science, technology, engineering and mathematics.</td>
<td>- Students who earn a degree or certificate from a California community college nearly double their earnings within 3 years.</td>
</tr>
<tr>
<td>- Community colleges offer associate degrees and short-term job training certificates in more than 175 fields, and more than 100,000 individuals are trained each year in industry-specific workforce skills.</td>
<td>- Attending or graduating from a community college doubles an individual’s chance of finding a job compared to those who failed to complete high school.</td>
</tr>
<tr>
<td>- Nearly 42% of all California veterans receiving GI educational benefits attend a California community college for workforce training, to earn an associate degree or to work toward transferring to a 4-year university.</td>
<td>- The California Community Colleges is the state’s most cost-effective system of education—the revenue needed to support one full-time community college student is slightly more than $5,000 per year.</td>
</tr>
<tr>
<td></td>
<td>- The U.S. Bureau of Labor Statistics projects that occupations that require an associate degree will grow by 18% through 2020—faster than the new job growth for those with a bachelor’s degree.</td>
</tr>
</tbody>
</table>
Other participants have expressed their belief that performance-based funding will not solve current public education issues, such as inequitable allocation of funds amongst the 113 colleges within the California Community College system, institutions with a high percentage of part-time faculty, low wages and substandard working conditions.

A Quasi-PBF Model

The sixth and very important theme was participants asserting that the California Community Colleges system has been under some sort of quasi-PBF model for almost two decades. Therefore, the concept of accountability is not new to them. Moreover, their perceptions of performance-based funding have been affected by their experience with two particular quasi-PBF models, California’s Partnership for Excellence and Student Success Initiatives.

**Partnership for Excellence.** At least three district administrators referred back to California’s Partnership for Excellence (PFE), which was signed into law in 1998 through Senate Bill 1564 and represents California Community Colleges’ first formal introduction to performance funding. Partnership for Excellence was a substantial financial investment by the State in exchange for a credible commitment from the California Community Colleges (CCC) system to specific student and performance outcomes. In exchange for the State investing $100 million annually as an infusion into base apportionment funding, CCC committed to achieving performance outcomes in five areas: (a) transfer; (b) degrees and certificates; (c) successful course completion; (d) workforce development; and (e) basic skills improvement. The $100 million appropriation was to be allocated by the Chancellor to local districts on a per-FTES (full-time equivalent student enrollment) basis. Districts were expected to use the funds
to invest in infrastructure and program enhancements, which will increase performance toward the CCC system goals. One administrator explained:

It was California's first attempt at trying to put in some funding that had some thoughts related to accountability or funding being tied to some sort of outcomes. But it had strings attached to it, to include how it could be used and what it could be used for.

Another administrator mentioned that systemwide faculty leaders, back then, argued that rewarding degrees and grades pressures faculty to inflate grades. They also expressed concerns that any distribution of funds based on students’ performance would exacerbate educational inequality. Faculty and administrators’ concerns about PFE in 1998 are the same concerns shared by the two stakeholder groups of today’s performance-based funding.

In the early 2000s, Partnership for Excellence lost its support and funding and eventually rolled into base district allocations in 2005. According to Shulock and Moore’s (2002) report:

In their analysis of the 2002/03 Budget Bill, the Legislative Analyst’s Office (LAO) recommended that PFE be terminated or revised. The LAO contends that PFE has, in effect, become another categorical program and does not allocate funds based on performance. The LAO also maintains that setting specific targets is arbitrary and controversial and that tracking annual trends is more useful than assessing progress toward goals that may not be ambitious enough. It notes that the potential to reward performance has been eroded by the Governor’s use of PFE funds to supplant General Funds to accommodate budget shortfalls. (p. 36)
**Student success initiatives.** Every participant interviewed discussed how in recent years, the state tried to implement performance-based funding, only to back away from it. In 2010, Senator Carol Liu introduced SB 1143, intended to incentivize course completion in the state’s community colleges. SB 1143 required that a second enrollment count be taken at the end of the term and averaged with the census taken in the third week of the term. The bill did not pass. However, as a compromise, it led to the creation of the California Community Colleges Student Success Task Force, which considered including “outcomes based funding” in its recommendations to the legislature.

The Student Success Task Force recommended 22 specific policy changes to improve educational achievement in the California Community Colleges (see Table 4). The task force identified best practices and designed evidence-based recommendations to ensure student success is a driving theme in our colleges.

This comprehensive plan, known as the Student Success Initiative, focuses on California Community Colleges’ core missions of workforce preparation, remediation, transfer to 4-year colleges and universities, and degree and certificate completion. These recommendations would strengthen the community college system by expanding those structures and programs that work and realigning resources with what matters most: student achievement (California Community Colleges Student Success Task Force, 2012).

In September 2012, Governor Jerry Brown signed into law the Student Success Act of 2012, the legislative cornerstone of a California Community Colleges reform initiative aimed at improving educational outcomes for students and better preparing the workforce needed for California’s changing economy (California Community Colleges
<table>
<thead>
<tr>
<th>Recommendations</th>
<th>Recommended specific policy changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase college and career readiness</td>
<td>1.1. Collaborate with K-12 to jointly develop common standards for college and career readiness</td>
</tr>
<tr>
<td>Strengthen support for entering students</td>
<td>2.1. Develop and implement common centralized diagnostic assessments</td>
</tr>
<tr>
<td></td>
<td>2.2. Require students to participate in diagnostic assessment, orientation and the development of an educational plan</td>
</tr>
<tr>
<td></td>
<td>2.3. Develop and use technology applications to better guide students in educational processes</td>
</tr>
<tr>
<td></td>
<td>2.4. Require students showing a lack of college readiness to participate in support resources</td>
</tr>
<tr>
<td></td>
<td>2.5. Require students to declare a program of study early in their academic careers</td>
</tr>
<tr>
<td>Incentivize successful student behaviors</td>
<td>3.1. Adopt system-wide enrollment priorities reflecting the core mission of community colleges</td>
</tr>
<tr>
<td></td>
<td>3.2. Require students receiving Board of Governors Fee Waivers to meet various conditions and requirements</td>
</tr>
<tr>
<td></td>
<td>3.3. Provide students the opportunity to consider attending full time</td>
</tr>
<tr>
<td></td>
<td>3.4. Require students to begin addressing basic skills deficiencies in their first year</td>
</tr>
<tr>
<td>Align course offerings to meet student needs</td>
<td>4.1. Give highest priority for courses advancing student academic progress</td>
</tr>
<tr>
<td>Improve the education of basic skills students</td>
<td>5.1. Support the development of alternative basic skills curriculum</td>
</tr>
<tr>
<td></td>
<td>5.2. Develop a comprehensive strategy for addressing basic skills education in California</td>
</tr>
<tr>
<td>Revitalize and re-envision professional Development</td>
<td>6.1. Create a continuum of mandatory professional development opportunities</td>
</tr>
<tr>
<td></td>
<td>6.2. Direct professional development resources toward improving basic skills instruction and support services</td>
</tr>
<tr>
<td>Enable efficient statewide leadership &amp; increase coordination among colleges</td>
<td>7.1. Develop and support a strong community college system office</td>
</tr>
<tr>
<td></td>
<td>7.2. Set local student success goals consistent with statewide goals</td>
</tr>
<tr>
<td></td>
<td>7.3. Implement a student success scorecard</td>
</tr>
<tr>
<td></td>
<td>7.4. Develop and support a longitudinal student record system</td>
</tr>
<tr>
<td>Align resources with student success recommendations</td>
<td>8.1. Encourage categorical program streamlining and cooperation</td>
</tr>
<tr>
<td></td>
<td>8.2. Invest in the new Student Support Initiative</td>
</tr>
<tr>
<td></td>
<td>8.3. Encourage innovation and flexibility in the delivery of basic skills instruction</td>
</tr>
</tbody>
</table>
Chancellor’s Office [CCCCO], 2012b). SB 1456 is the first step to begin implementation of several of the Student Success Task Force recommendations. It provides a policy framework that targets funding to the core matriculation services of orientation, assessment, counseling and advising, and development of education plans. SB 1456 re-names the Matriculation program as the Student Success and Support Program (SSSP).

According to the Faculty Association of California Community Colleges (2015), these initiatives are backed up by a significant state investment, not only through the Student Success and Support Program promulgated under the Student Success Act, but also with funding coming from Governor Jerry Brown’s Equity Program initiative. For the 2014-15 budget year, the Governor supplemented a $100 million increase in SSSP funding with $70 million for his Equity Program, and his January budget proposal for 2015-16 increases SSSP and Equity funding by another $100 million each. Student Success and Support Program money is currently distributed in accord with the 1986 Matriculation model, but this will shift to a pay-for-services-rendered model as defined under the Student Success Act. Equity funds, in contrast, are allocated to districts on the basis of “funding factors” meant to target funds to districts serving students with the greatest need.

It is too early to gauge the success of the Student Success initiatives. However, most administrators and faculty of the study have praised the student success initiatives since they require colleges to pay closer attention to programs, processes, and curriculum that lead students to completion and success. A senior district administrator stated, “With the Student Success Initiative, we are doing a lot of strategic planning, strategic conversations around student success, around metrics and around setting goals. We are
looking at assessing our results.” A Vice President of Student Services in one college indicated:

Those mandated requirements are great because all students should have an orientation. They should be assessed or at least have an equivalency for placement into math and English. They should have an education plan because it is a road map for the student. It gives the student the opportunity to look at the long view of what they will need to do in order to navigate the community college process, the higher education process, and to help them look at the time it is going to take from the point of entry to their exit from their program.

Many of the interview participants mentioned that monies from SSSP and Student Equity funding will be a huge proportion of their colleges’ potential funding in the future. Institutions will get a percentage of their funds based on the number of students they are servicing through orientations, assessments, abbreviated education plans, comprehensive education plans, follow-up services for at risk students, and so forth. A major concern that many of the participants had was they could not understand the funding formula or the number of students they have to serve in order to receive the funding. The Student Success Act requires the funding formula to include (but not be limited to) the following three elements: (a) students to be served; (b) students who received orientation, assessment, counseling/advising, and student education planning services; and (c) a match requirement. Table 5 describes the funding formula for SSSP (CCCCO, 2013).

Summary of Themes

Community college stakeholders’ perspective of performance-based funding included: (a) flawed assumptions by legislators and policy makers; (b) applying a
### Table 5

**Student Success and Support Program Funding Description**

<table>
<thead>
<tr>
<th>Unduplicated Credit Student Headcount (academic year = summer, fall, winter, spring)</th>
<th>Initial Orientation 10%</th>
<th>College match 3:1</th>
</tr>
</thead>
<tbody>
<tr>
<td>40% of funding based on college’s potential population of students to receive services</td>
<td>Initial Assessment 10%</td>
<td></td>
</tr>
<tr>
<td>60% of funding based on students served at the college</td>
<td>Abbreviated SEP 10%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Counseling/Advising 15%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Comprehensive SEP 30%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>At Risk Follow-Up Svc 15%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other Follow-Up Svc 10%</td>
<td></td>
</tr>
</tbody>
</table>

**Base Funding Floor $35K or 10%**
(of total state appropriation increases, whichever is greater)

**Detail:**
- Includes CA resident students enrolled as of census in at least 0.5 credit units, (STD7) headcount status “A,” “B,” “C,” excludes special admits
- DSPS and EOPS students and matriculation services provided are included in the counts

**Detail:**
- Academic year = summer, fall, winter, spring
- Includes pre-enrollment services provided for students with SB record, but no enrollment record for initial orientation, initial assessment, and abbreviated SEP
- “New” student at the college definition also allows for a student who stops out for three years, but then “returns”

**Funded services based on weights list above for services provided to the student during the reported term:**
- **Initial Orientation (10%):** count once during time student attends the college
- **Initial Assessment (10%):** count once during time student attends the college
- **Abbreviated SEP (10%):** count once per student during time student attends the college
- **Counseling/Advising (15%):** count once per year per student during time student attends the college
- **Comprehensive SEP (30%):** count once per student during time student attends the college (a student who needs their SEP revised or a new SEP in subsequent terms would be reported under “other follow-up service”)
- **At Risk Follow-Up Svc (15%):** count once per term during time student attends the college (after first term)
- **Other Follow-Up Svc (10%):** count up to four times during the year during time student attends the college (after first term)

**Detail:**
- 3:1 match that allows colleges to count A&R, research, and student service technology towards the match
business model to public higher education is problematic; (c) a movement toward defunding education; (d) the value of public higher education; (e) PBF has no benefit at all; and (f) quasi-PBF models are already in place.

**Concerns of Performance-Based Funding**

I asked participants what their concerns were regarding performance-based funding. The top three themes included educators having no control over variables; lowering of academic standards and gaming the system; and limiting access.

**No Control Over Variables**

Overwhelmingly, the number one theme was all participants expressing their genuine concern about being held accountable for variables they have little or no control over. One key variable is serving underprepared students. Because community colleges must admit “the top 100%”, they must accept all students who apply, to include students who are underprepared for college. The California Master Plan for Higher Education as adopted in 1960 established the principle of universal access and requires California Community Colleges to admit any student capable of benefitting from instruction.

**Basic skills and English as a Second Language.** As open access institutions, community colleges serve a diverse population of learners with varying levels of academic preparation. Assisting the underprepared student to attain the basic skills needed to succeed in college has been a core function of the California Community Colleges throughout its history.

In a 2012 Basic Skills Accountability report, the California Community Colleges Chancellor’s Office defines basic skills as “those foundation skills in reading, writing, mathematics, and English as a Second Language (ESL), as well as learning skills and
study skills, which are necessary for students to succeed in college-level work” (CCCCO, 2012a, p. 2). Academic support and basic skills programs educate students and strengthen their knowledge and potential so they are more likely to achieve their goals (CCCCO, 2012a).

All participants have stated that many of their students are not prepared to do college level work and are placed into ESL, remedial math, reading and writing. This puts a heavy burden on the colleges to utilize scarce resources for program and curriculum planning and development, student assessment, advisement and counseling services, supplemental instruction and tutoring, articulation, instructional materials and equipment, and any other purpose directly related to the enhancement of basic skills, ESL instruction, and related student programs.

A member of his institution’s Educational Planning and Enrollment Management Committee indicated:

We have 2,000 to 3,000 new students a year that are historically underrepresented or are underprepared. These students need basic skills. How many courses do we need to offer? There has to be some attention to that because if performance-based funding were strictly the traditional measures of performance, how do we keep up when we are starting the race that far behind without watering down the curriculum?

Both administrators and faculty that participated in the study question the wisdom of losing funding because of low completion rates amongst underprepared and traditionally underserved students. They see performance-based funding as a vicious cycle of perpetuating low completion rates for these two populations. A senior level district
administrator stated, “If you have a system that basically rewards or punishes a community college for handling students of that nature, then that community college has an immediate incentive to turn its back on those particular students.”

Both stakeholders believe that it is unfair to hold colleges accountable for producing successful graduates and transfer students when “the product with which we work with comes with a defect,” in this case, underprepared students. An English department chair provided alarming statistics of her institution indicating:

Seventy-one percent of our students are first generation low-income students.

Forty-two percent of the students in our K-12 district are English language learners, that compares to 23% in the state. And 74% of the high school grads, in 2014, scored below college freshman writing. Sixty-seven percent scored below college level reading, and 91% of recent high school grads scored below college level math. So high schools are turning out students who are not prepared for college.

For students who are placed into ESL, this becomes problematic as they have to go through many ESL levels before they can take college level reading and writing courses, which could take as many as 4 years to progress. A department chair pointed out, “We know all of the research indicates that there is exponential attrition. So at every level, students will drop out.” For students who are placed into remedial math, a Vice President of Student Services believes that the culprit is the lack of preparation in K-12 stating:

Students come to us unprepared in math. We have some students that have had calculus in high school, and they come here and they are not prepared. It is my
understanding that it is because many of them aren’t required to take math in their last 2 years of high school. So those skills have become dull.

One department chair expressed frustrations shared by most of the study participants that colleges are required to admit students from their K-12 districts that are not ready to be in college, yet there is an expectation that community colleges pick up the slack and produce successful graduates and transfer students. He stated:

We run more classes in math 10 and English 10 [remedial level courses] than any other class on this campus. They shouldn’t be at that level in K-12 when they come out as a senior. The state needs to fix K-12 first. We have a very spoon fed handheld set of students that are coming through K-12, and I think a lot of that comes from the common core. They don’t get the students really thinking. That is just an ultimate failure of the high school level to not have these students prepared. If you’re going to give us a bonus for fixing that problem, fine. But, don’t tie it to our main core performance-based funding.

**Students’ personal challenges.** Participants mentioned that many of their students are nontraditional students who have personal challenges that get in the way of their academic success. The National Center for Education Statistics (NCES, 2015) defines nontraditional students as meeting one of seven characteristics: delayed enrollment into postsecondary education; attends college part-time; works full-time; is financially independent for financial aid purposes; has dependents other than a spouse; is a single parent; or does not have a high school diploma. Within the nontraditional cohort, of course, are a great number of adult students—a pool often defined as those 25 or older. A Dean of Nursing indicated:
The biggest challenge our students have is the need to work and go to school at the same time. And our programs are full time. So they’re often trying to cram in Saturday and Sunday working 12-hour shifts. From there, come back to school Monday morning and do clinical during the week and back to class during the week. It is very difficult for them. That is the number one reason why we lose so many students.

A Department Chair of English described the resiliency of her students who face very difficult hardships:

I had a student who just walked at graduation. He and his wife and his family were living in Burundi, and they were caught up in the Civil War that was heading to Rwanda with the Hutus and Tutsi. He and his wife were from different ethnic groups. So, they had to seek refuge in a Tanzania refugee camp for 10 years. They came to San Diego under political asylum, and he was able to go to continuing education, receive ESL instruction, came to our college, had an accelerated basic skills class, finished English 101, took my English 205 class, graduated and is transferring to SDSU as a conflict resolution studies major.

Finances are one of the greatest challenges nontraditional students face when attending community college. The financial challenge is not only associated with having sufficient funds to pay for the cost of tuition and books, but often extends to a simple question of, “How will I have money to get back and forth to school or to eat lunch?”

An Academic Senate President stated that he has students who will miss several classes and then come back to school stating that they had to work to support their family. “I
can’t tell you how many students are here, and they are also working full time and they are the sole income earner of their family. It’s tough.”

These financial challenges are further exasperated due to the economic instability in the personal lives of many students, who are living in situations less than conducive for achieving academic success due to no, or minimal, income and/or financial support from parents and family. Some students reside in neighborhoods with high crime rates, which lack the required structure to facilitate academic success. A Department Chair of Chemistry stated:

I can give the best lecture in the history of chemistry teaching that ever happened. But, if the students don’t go home and spend the time in the material because they are hungry or because they have got to take care of three kids and go to their two jobs, then it doesn’t matter how good I am. I had a student drop her eviction notice on my desk and explained why she hasn’t been in class. I said, “Look, your grade in your chemistry class really isn’t your biggest problem right now. You can’t focus on chemistry if you’re going to be living in your car tomorrow.”

Many nontraditional students are the first generation in their families to have the opportunity to attend college. As a result, these students are unfamiliar with the internal processes and are often confronted with the initial challenge of simply understanding the process for registration, financial aid, and how to effectively select courses for a specified degree or certificate program. The community college has staff to advise and assist students with the transition into higher learning, but many students are still challenged and can easily become de-motivated before entering the classroom on the first day of class.
Some of these students’ personal challenges are so great that educators believe it is unfair to hold them accountable for things that are beyond their classroom, their college, and their control. A Dean of School of Business indicated:

Some of our students, when they leave the college, walk three blocks and go to St. Vincent’s shelter. They eat out of our school’s pantry every day. Not having enough to eat is huge. And that gets in the way of learning, gets in the way of success. It is very hard to concentrate and stay awake when you’re hungry. And that is the reality of several of my students.

Colleges fear that they will lose funding when many of their students live such chaotic lives. As one college vice president of student services noted,

The concerns I have with performance-based funding is that we will move to an environment where everything is based upon merit and performance. And when you are servicing 100% of the postsecondary education community, then poor students, students of color, and ethnic minorities, are going to get creamed.

Lowering of Academic Standards and Gaming the System

The second theme was a concern across the community colleges that performance-based funding will lead to the lowering of academic standards and gaming the system. Faculty, more than administrators, have expressed their concern that the push to constantly expand “access” to higher education and meet certain outcomes will have the effect of pressuring faculty members to lower their standards. Moreover, in an effort to promote student success, there will be a substantial pressure to minimize the failure rates of the students in some undergraduate courses. That would translate into a “watering down” of the curriculum and inflation of grades.
Some participants have compared this coping mechanism to the theory of Maslow’s hierarchy of needs. With Maslow’s (1954) theory, employees whose lowest level needs have not been met will make job decisions based on compensation, safety, or stability concerns. Also, employees will revert to satisfying their lowest level needs when these needs are no longer met or are threatened (such as during a budget crisis or the implementation of performance standards). An academic senate president illustrated this by stating the following:

The greatest concern is in terms of undermining quality. When you are paying people or institutions based on achieving outcomes, they are going to do whatever they can to achieve those outcomes. The intent obviously is for people to uphold their standards. But, if when push comes to shove, if not upholding those standards means that the college is going to lose money, then there is going to be some pressure at that point. In a system that has such a huge number of its classes taught by part-time faculty with virtually no job security, the pressure that could be brought to bear on them to lower standards and inflate grades for the sake of getting funding for the college is staggering. We are dealing with human beings, and when you have someone putting your job on the line by saying you are not achieving the outcomes we need you to achieve and therefore we are not getting money, there is going to be an undue pressure at that point that could really undermine our ability to uphold standards.

The concern of lowering academic standards is legitimized by recent events within the San Diego and Imperial districts. Several faculty gave both subtle and overt examples of this occurring in their colleges. As one union president indicated:
Two years ago the state implemented that every school had to have a scorecard, and our passage rate would have to be 68%. That was an arbitrary number. What if we didn’t make it, and what do we do to achieve that 68% passage rate? Well . . . grade inflation. It may be implemented by the administration in ways that create pressure on the faculty. I have already seen it with fill rates, productivity, and class sizes. They want to increase the class size to 35. But, our students are not going to succeed. At the same time as they are saying, “you must pass your students or you must help them succeed,” they are also saying, “You must do something different to help them succeed. It must be you who is not doing it right.” To raise the class size does not equate to student success, but that is what they are doing.

Some faculty have said that they have witnessed the “watering down” of courses in their own colleges and believe it is due to having to meet an objective or performance standard. They have indicated that the college puts too much emphasis on retention rates and success rates. As a result, faculty feel torn between meeting the college’s objectives and teaching a robust class to ensure learning takes place. A department faculty pointed out:

It takes away some academic freedom from faculty members to be able to approach their courses the way they would like to approach their courses. If you are giving me outcomes that I have to achieve, then instead of spontaneously responding to the opportunities for education that appear within the classroom, more of my efforts will go towards achieving those outcomes that are easily
measurable, and I have less time to actually focus on outcomes that are not being measured, but still important.

In addition to the lowering of academic standards, participants cited concerns about the cost of compliance with performance-based funding through “gaming of the system.” Participants have discussed the various ways that college will game the performance funding system, which would include setting low goals and using deceptive compliance strategies. An academic senate executive committee member stated, “If you want to increase your outcomes, you just offer less math, physics and chemistry and instead offer more courses where students do succeed. So there is the temptation to kind of game the system.” As one vice president of student services noted:

I will use SSSP, for example. One of the most significant heavily weighted factors is the number of students who have a comprehensive educational plan. For our college, we take it very seriously, and the academic counselor has to sit down with the student to work on that. Other colleges hire advisors, which are classified positions, and they run through many students quickly. They are getting creative as to how they are creating the education plans. If you don’t get enough students with an educational plan, the funding will be impacted.

This practice was confirmed by a department chair of another district who stated:

We are supposed to have an educational plan for every student. We have such a disparity between counselors and students. We had to really think about ways to do this. So what did we do? We didn’t sit down and work through the education plans with students. We had to create short cuts because that was the only way we could meet the mandate.
A senate executive committee member mentioned:

Well, here is what was going on in our district. When students had completed enough courses for a degree, our district was just conferring them with degrees, whether the students wanted them or not. There were 30 or 40 people who ended up with an associate degree who did not ask for one just so the district could say, “Look at the extra amount of degrees that we’re conferring.”

Several participants referred to the recent events that occurred in the Atlanta Public Schools (APS) system. According to APS reporter Molly Bloom (2015), while Atlanta Public Schools monitored how many students failed classes and pushed for fewer F’s, there were more than 7,700 student grade changes over the past 3 years. A quarter of those changes turned failing grades to passing grades. These grade changes were occurring while Atlanta was under investigation for widespread cheating on state exams. A chief reason for the test tampering was the immense pressure on educators to show student success. The same pressure also fostered grade changing.

Limiting Access

The third and final theme was community college participants reporting their concerns about the potential for performance-based funding to limit access in the form of restricting admission, changing course offerings or implementing policies that will boost the college’s retention and graduation rates at the expense of underprepared or underperforming students. In the literature review, this practice has been referred to as “creaming” (Bell, 2005, p. 146; Dougherty & Hong, 2006, p. 75). As one senior district administrator noted, “If the metric becomes about workforce education, what would happen to the student who is here for basic skills? Access will only be provided to
certain groups.” This administrator indicated that colleges would react by limiting access for students who cannot speak English, who cannot write, and who cannot do math.

Another senior level district administrator proclaimed:

If you look at our district, if you put in performance-based funding, Miramar and Mesa will rise, they go straight to the top, and City College would plunge. And so now there would be an incentive for us to gear our programs towards different type of students in order to benefit from the funding.

Many participants, both administrators and faculty, worried that colleges would schedule more classes where there are high levels of success and limit the amount of difficult classes being offered. One administrator stated:

If you take a look at where student completion and retention occurs, our highest retention is in exercise science, physical education, and vocational classes. Those are the ones that rise to the top. Where is it the lowest? Mathematics and chemistry. So now you have a disincentive to really offer and spend the time necessary to bring students through those programs.

A history professor indicated that this is already happening in her college by stating, “I have actually heard them say, ‘Let’s cut out history because it stops our students from getting certificates.’ That conversation has occurred in the curriculum committee.”

This same professor has also stated that she has heard counselors tell students, while developing an education plan (a requirement of Student Success Support Programs), to not take certain courses and instead direct them towards courses that will get them a certificate faster in order for the institution to receive their categorical funding.
A department chair expressed concerns about creating inequitable conditions by focusing only on those students that do well academically and exclude underprepared and traditionally underserved students in order to get more funding. As one president of a college noted:

If you’re looking at measures of success as numbers of certificates or associate degrees, or students who transfer, then we will, in some way, eliminate a lot of students that we don’t think have a high probability of success and narrow it only to the students who do, so that our percentages are increasing.

Several participants have listed different tactics that colleges will use if performance-based funding were implemented. One example is to create barriers by lowering a student’s enrollment priority or putting a hold on their registration. Another example is to require many prerequisites in order to screen out underprepared students. Some have proposed a change to the open access mission by setting up standards for students to be admitted to the community college to ensure only the best high school graduates are admitted so that the colleges are not “wasting money and time on the underprepared students.”

Summary of Themes

Community college stakeholders’ concerns regarding performance-based funding include: (a) educators have no control over variables; (b) PBF will lead to the lowering of academic standards and gaming of the system; and (c) PBF will ultimately limit access.

Overcoming Obstacles and Minimizing Unintended Impacts

I asked participants for their recommendations to overcome the obstacles encountered and minimize the unintended impacts produced by performance-based
funding. The top three themes included expanding the definition of success; including all the right stakeholders and changing the dialogue; and a need for guaranteed base funding.

**Expanding the Definition of Success**

The number one recurring theme was the need to expand performance-based funding’s definition of success (a total of 97 references during the interviews). All participants mentioned that their institution’s success has been defined by the California Community Colleges Chancellors Office as completion, persistence, career technical education and remedial education.

In its commitment to increase transfer and degree and certificate attainment, the California Community Colleges Board of Governors has established a performance measurement system that tracks student success at all 112 community colleges. The Student Success Scorecard represents an unprecedented level of transparency and accountability on student progress and success metrics in public higher education in the United States. The data available in this scorecard tell how well colleges are doing in remedial instruction, job training programs, retention of students, and graduation and completion rates. With data reported by gender, age, and ethnicity, colleges, students, and the public can also better determine if colleges are narrowing achievement gaps, which is vitally important for our students and our states economy (CCCCO, 2014).

Table 6 illustrates how each district within the San Diego and Imperial Counties performed in the seven success measures of the Student Success Scorecard. The Scorecard outcomes are measured over a 6-year period. One cohort was created in 2006-07, and their outcomes were measured through academic year 2011-12. Similarly,
<table>
<thead>
<tr>
<th>Scorecard metric</th>
<th>2011 - 2012 Metrics for San Diego and Imperial Counties (by district)</th>
<th>2013 - 2014 Metrics for San Diego and Imperial Counties (by district)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Completion Rate</td>
<td>• Grossmont-Cuyamaca = 49.9%</td>
<td>• Grossmont-Cuyamaca = 48.2%</td>
</tr>
<tr>
<td></td>
<td>• Imperial = 45%</td>
<td>• Imperial = 42.5%</td>
</tr>
<tr>
<td></td>
<td>• MiraCosta = 55.1%</td>
<td>• MiraCosta = 54.8%</td>
</tr>
<tr>
<td></td>
<td>• Palomar = 51.9%</td>
<td>• Palomar = 50.2%</td>
</tr>
<tr>
<td></td>
<td>• San Diego = 60.7%</td>
<td>• San Diego = 55.6%</td>
</tr>
<tr>
<td></td>
<td>• Southwestern = 43.6%</td>
<td>• Southwestern = 43.9%</td>
</tr>
<tr>
<td>Three-Term Persistence Rate</td>
<td>• Grossmont-Cuyamaca = 72.6%</td>
<td>• Grossmont-Cuyamaca = 71%</td>
</tr>
<tr>
<td></td>
<td>• Imperial = 79%</td>
<td>• Imperial = 79.6%</td>
</tr>
<tr>
<td></td>
<td>• MiraCosta = 67.2%</td>
<td>• MiraCosta = 69.4%</td>
</tr>
<tr>
<td></td>
<td>• Palomar = 69.5%</td>
<td>• Palomar = 71.5%</td>
</tr>
<tr>
<td></td>
<td>• San Diego = 77%</td>
<td>• San Diego = 75.6%</td>
</tr>
<tr>
<td></td>
<td>• Southwestern = 74.9%</td>
<td>• Southwestern = 70.4%</td>
</tr>
<tr>
<td>30-Units Completion Rate</td>
<td>• Grossmont-Cuyamaca = 67.1%</td>
<td>• Grossmont-Cuyamaca = 67.1%</td>
</tr>
<tr>
<td></td>
<td>• Imperial = 72.8%</td>
<td>• Imperial = 71.6%</td>
</tr>
<tr>
<td></td>
<td>• MiraCosta = 67.7%</td>
<td>• MiraCosta = 66.5%</td>
</tr>
<tr>
<td></td>
<td>• Palomar = 64.5%</td>
<td>• Palomar = 65.1%</td>
</tr>
<tr>
<td></td>
<td>• San Diego = 57%</td>
<td>• San Diego = 57.7%</td>
</tr>
<tr>
<td></td>
<td>• Southwestern = 64.3%</td>
<td>• Southwestern = 65.3%</td>
</tr>
<tr>
<td>Career Technical Education</td>
<td>• Grossmont-Cuyamaca = 56.9%</td>
<td>• Grossmont-Cuyamaca = 53%</td>
</tr>
<tr>
<td></td>
<td>• Imperial = 36.2%</td>
<td>• Imperial = 38.5%</td>
</tr>
<tr>
<td></td>
<td>• MiraCosta = 57.6%</td>
<td>• MiraCosta = 53.4%</td>
</tr>
<tr>
<td></td>
<td>• Palomar = 48.7%</td>
<td>• Palomar = 48.8%</td>
</tr>
<tr>
<td></td>
<td>• San Diego = 54.4%</td>
<td>• San Diego = 51.1%</td>
</tr>
<tr>
<td></td>
<td>• Southwestern = 51.5%</td>
<td>• Southwestern = 52.2%</td>
</tr>
<tr>
<td>Remedial—English</td>
<td>• Grossmont-Cuyamaca = 44.9%</td>
<td>• Grossmont-Cuyamaca = 43.6%</td>
</tr>
<tr>
<td></td>
<td>• Imperial = 26.9%</td>
<td>• Imperial = 31%</td>
</tr>
<tr>
<td></td>
<td>• MiraCosta = 42.8%</td>
<td>• MiraCosta = 38.9%</td>
</tr>
<tr>
<td></td>
<td>• Palomar = 41.7%</td>
<td>• Palomar = 42.3%</td>
</tr>
<tr>
<td></td>
<td>• San Diego = 44%</td>
<td>• San Diego = 46.4%</td>
</tr>
<tr>
<td></td>
<td>• Southwestern = 49.6%</td>
<td>• Southwestern = 52%</td>
</tr>
<tr>
<td>Remedial—Math</td>
<td>• Grossmont-Cuyamaca = 35.3%</td>
<td>• Grossmont-Cuyamaca = 34.4%</td>
</tr>
<tr>
<td></td>
<td>• Imperial = 31.9%</td>
<td>• Imperial = 39.2%</td>
</tr>
<tr>
<td></td>
<td>• MiraCosta = 37.2%</td>
<td>• MiraCosta = 39.1%</td>
</tr>
<tr>
<td></td>
<td>• Palomar = 31.5%</td>
<td>• Palomar = 33.2%</td>
</tr>
<tr>
<td></td>
<td>• San Diego = 31.8%</td>
<td>• San Diego = 26.1%</td>
</tr>
<tr>
<td></td>
<td>• Southwestern = 19.2%</td>
<td>• Southwestern = 35.8%</td>
</tr>
<tr>
<td>Remedial—ESL</td>
<td>• Grossmont-Cuyamaca = 34.4%</td>
<td>• Grossmont-Cuyamaca = 48.9%</td>
</tr>
<tr>
<td></td>
<td>• Imperial = not reported</td>
<td>• Imperial = not reported</td>
</tr>
<tr>
<td></td>
<td>• MiraCosta = 31.6%</td>
<td>• MiraCosta = 30.7%</td>
</tr>
<tr>
<td></td>
<td>• Palomar = 21.1%</td>
<td>• Palomar = 30.1%</td>
</tr>
<tr>
<td></td>
<td>• San Diego = 26.1%</td>
<td>• San Diego = 26.7%</td>
</tr>
<tr>
<td></td>
<td>• Southwestern = 29%</td>
<td>• Southwestern = 20.7%</td>
</tr>
</tbody>
</table>
another cohort was created in the 2008-09, and their outcomes were measured through academic year 2013-14.

All participants agreed that the Scorecard definition of success is too narrow and does not measure more intangible, yet equally meaningful areas of success. A senior level district administrator stated:

One of the key elements of student success is student engagement. We want to maintain a really full and rich array of student engagement and co-curricular activities. Anywhere from the athletics teams that we have, intercollegiate teams to debate team to those students who just came back from Barcelona, Spain to study abroad, to theater to performing arts and to all manner of clubs.

An academic senate executive committee member described success as extending beyond the college:

Lowering the unemployment rate in your service area and increasing the education of students with less than a high school or college education. You are incentivized for promoting access for these groups and for attempting to address and improve the community as opposed to just filling seats.

The participants are concerned that performance-based funding will put too much emphasis on the traditional measures of success such as completion, degrees, and persistence.

A dean worried that performance-based funding would not consider single courses, which are worthwhile to the immediate community, as a success. She stated:

I have a big employer, the Navy, that requires their employees to take a security course in order to pass their security clearance. We offer that class every semester
here. It is a full class every time with 40 plus students and a high completion rate.

I worry that this will be considered a low-performing course because students
don’t complete a certificate. I cannot make a certificate out of just one course.

This dean’s concern is shared by many, as they believe that a lot of people—such
as those who are just taking a course to build skills, those who are taking a few courses
for job retraining, those not looking to obtain a certificate or degree, and those with no
desire to transfer to a 4-year university—will not be counted as a success since they do
not fall into the traditional performance-based funding categories of completion,
certificate, degree or transfer. An academic senate president stated:

For a student who is the first in his family to attend college and lives in an
economically depressed area, his most immediate goal is to obtain full time
employment as quickly as possible. Doesn’t matter to him whether he graduates
or not. He wants a job. Another example is a mother of two attending community
college to improve keyboarding skills to earn a promotion. She has no degree or
certificate aspirations. If she perseveres, passes that class and gets her promotion,
then that is a success.

A dean of the school of nursing explained that some students come back to
school, retool, take a class or two to improve their job skills, improve their rate of pay and
then leave college. “That is success. So what concerns me is what will those measures
be and will they take into account the role community colleges play in career technical
education and retooling people that are currently in the job market.”

An academic senate president stated that his institution’s electrical program, by
the metrics used at the state level, is a horrible failure. “There are students who don’t
finish and get their degrees very often. The reason is because that program is so good that the students usually get a job before they even finish the program.”

A college president explained that their colleges serve English as a Second Language (ESL) students that come to college with a small goal. Many of them want to come in to learn the language and communicate well enough to obtain work.

When they get the skills, they leave to earn money for their family. But then they come back and learn additional English and maybe acquire some skills. We assist people in the community who earn $10 an hour acquire the skills to earn $40,000 a year. That is a huge difference in the lifestyle of a person.

Because the community colleges’ mission is so multifaceted, participants are proposing that the definition of success be broadened to reflect the diverse needs of its student population. Their number one recommendation is to define student success as the student being able to achieve his or her educational goals. A department chair of computer science explained that students who attend his classes are not concerned about whether they met the state student learning outcomes. “It matters if you’re working for Qualcomm now and making a hundred grand. Industry certifications matter. My success is getting my students certified in the industry.” A department chair of English stated:

I had a mother of some young children come back to school because she was a functioning illiterate, and I was teaching a basic skills reading class. She was able to read a novel for the first time, and she cried. That, for her, was success. She wasn’t necessarily going to continue. But, she wanted to be able to read to her children, and she wanted them not to feel embarrassed about their mother’s lack of literacy.
Participants recommended that community colleges should be considered successful when they are able to meet students’ needs coming from all walks of life and all levels of preparation. A dean of the school of allied health indicated, “Our entire mission is comprised of one sentence—changing lives through education. If somebody comes into our college, and their life has changed for the better as the result of education, then that is success to us.” A department chair of chemistry mentioned:

Institutions should be measured for things they can control. We can create an environment where students can be successful. I can make sure that I have an appropriate number of classes. I can make sure that the curriculum is current. I can make sure that the teachers are well trained. I can make sure that we have an appropriate library, and it is appropriately staffed. There are so many things going on in a student’s life that inhibit their ability to succeed and have nothing to do with what goes on in the chemistry class.

**Including the Right Stakeholders and Changing the Dialogue**

The second theme with regard to overcoming obstacles and minimizing unintended impacts produced by performance-based funding is participants’ recommendation to include all the right stakeholders and change the dialogue. Participants have suggested that having key stakeholders at the table would allow for a wide variety of perspectives to discuss concerns and develop best strategies for implementation. This, in turn, increases buy-in from educators and increases the likelihood of successful outcomes at each institution.

Several participants have explained that the skepticism and fear of performance-based funding is mainly due to a lack of information. When stakeholders do not have all
the necessary information, they start to fill in the gaps with information that is based on hearsay and not based on facts.

According to participants, key stakeholders include any group who has a role in protecting access and promoting success at the community colleges—such as students, faculty, staff, faculty senates, classified senates, administrators, chief business officers, chief executive officers, and the Chancellor’s Office. Although not every stakeholder will agree with the final product, each stakeholder group will appreciate that they were included in the discussion and that their concerns and recommendations would be considered. Of course, establishing trust and developing relationships will be critical to the implementation of performance-based funding.

Another recommendation was to change the dialogue and frame the conversation in such a way that accountability measures are viewed as areas of opportunity instead of a punitive instrument. A senior level district administrator suggested:

Let’s come to a collective understanding of what it is we are trying to achieve.

What is the problem we are trying to solve? Why do we need performance-based funding? If we want to incentivize, let’s talk about what we want to incentivize to make a difference. Let’s incentivize the connections between high school and community college. And the collective way that we build safety nets and who we help through the systems and how.

A department chair stated, “I think that we collectively need to think about how we talk about education in this state. How to celebrate the things we do well. How to fund things that could improve outcomes in a way that is not punitive.”
Another senior level district administrator stated, “Just set standards and specific achievable goals and the colleges will rise to that automatically. Without having funding bonuses or punitive funding acts. We need the improvements to come from within the community colleges.” A particular example given of a time when this bottom-up approach worked well was when Governor Schwarzenegger funded the basic skills initiative. Although the outcomes of the basic skills initiative have remain unchanged, the approach of including faculty in the conversation and development has made it easier for faculty to buy-in to and support the initiative. Another example offered up by an administrator was the bachelor degree proposal. The initiative failed twice due to its top-down approach from the legislature. On the third attempt, the initiative gained support from the community colleges since it was a grass roots approach. Although the academic senate was not on board with the initiative and the California State University system was hostile, the initiative passed because there was a lot of emphasis placed on including the right stakeholders in the conversation and increasing communication and awareness at the college level. As one senior-level administrator explained:

People began to see that what we were doing was not transforming community colleges but meeting a need. For example, an associate degree in dental hygiene is no longer the entry requirement to a job; the bachelor’s is. And if no public university offers or is going to offer the bachelor’s degree for dental hygiene, then there is a niche. Why would we protect an obsolete degree that’s harmful to our students when there is a niche to do something within our mission that will help our students get jobs? Once they got into the details of it, they started to understand it.
Guaranteed Base Funding

The third theme was a need for guaranteed base funding before considering performance-based funding. Participants stated that success occurs when there are adequate number of classes, full-time faculty, curriculum development, teacher training, counselors, facilities, technology, library material, physical resources, staff support, and wrap around student support services. All of this requires a guaranteed base funding. For the purpose of this study, participants have referred to guaranteed base funding as monies necessary to meet the community colleges’ three primary areas of the mission: education for university transfer; career technical education; and basic skills. A guaranteed base funding is necessary to protect access and promote success for the colleges’ diverse student population from all walks of life, in different economic situations, in contrasting levels of academic preparation, and with various educational goals.

Moreover, the guaranteed base funding needs to be reliable and continuous. As one senior level district administrator stated, “We need predictability, reliability and flexibility. Without those, you’re holding me accountable, but giving me no authority to make decisions. Before we talk about performance-based funding, we better first talk about continuity of funding. That is really the issue.” Unpredictable funding becomes very problematic when a long lead-time is needed to decide what classes or how many classes to offer. As a result, colleges would decide not to offer classes if they are not certain they would receive their guaranteed base funding 1 1/2 years from today, which ultimately limits access. As one administrator illustrated:

I’m not offering the classes because I don’t think I have enough money. But, a year later, I get a windfall. I will be asked, “Why didn’t you allow us to offer
more classes a year ago?” I didn’t know we were going to get that kind of funding.

Participants recommended that the colleges receive a guaranteed base funding first and then receive additional monies, as an incentive, for meeting outcomes that are meaningful to the immediate community. Performance-based funding would be over and above the guaranteed base funding. It would not be part and parcel of the base funding. An academic senate president mentioned, “I’m still not sure we would be entirely comfortable with it. But, that would kind of be the circumstance under which we could do something. Where we could really consider the possibilities for it.”

When performance-based funding is implemented, participants have recommended that funds be given to the community colleges up front to be used specifically to support activities that impact defined outcomes. This would work in the same way that grants are provided to colleges where the institution will submit an application or proposal to obtain funds that will support activities consistent with the mission of the grant agency—in this case, policymakers. An example given by a president was obtaining money up front to increase the number of students completing a nursing program. He explained:

We all know that there are many prerequisites to getting into the nursing program, which are the hard sciences, anatomy, physiology, and microbiology. All of those prerequisite courses need to be offered. A way to do that is to be given the funding up front to allow us to hire faculty and open up additional courses. So, develop a forward-funding mechanism rather than funding based on what happened a year and a half to 2 years ago.
Summary of Themes

To effectively overcome the obstacles encountered and minimize the unintended impacts produced by performance-based funding, participants recommended: (a) expand the definition of success; (b) include all the right stakeholders and change the dialogue; and (c) a need for guaranteed base funding.
CHAPTER 5—DISCUSSION

Summary

California currently funds its public colleges on the basis of enrollment, a process that reinforces their commitment to college accessibility and ensures a relatively equitable distribution of per-student spending across institutions. This formula funding strategy has many shortcomings. A sluggish economy and state budget pressures, in addition to a national drive for market-driven education reform, has accelerated the discussion about the merits of performance-based funding, an alternative funding strategy, for public higher education. Performance-based funding is a system based on allocating a portion of a state’s higher education budget according to specific performance measures, such as course completion, credit attainment, and degree completion, instead of allocating funding based entirely on enrollment.

This study examined how stakeholders of California Community Colleges, specifically administrators and full-time faculty in leadership positions, perceive the performance-based funding strategy. Three research questions guided this qualitative study:

1. What is performance-based funding from the community college stakeholders’ perspective?
2. What concerns do community college stakeholders have regarding performance-based funding?
3. How can California Community Colleges effectively overcome the obstacles encountered and minimize the unintended impacts produced by performance-based funding?
Understanding these particular stakeholders’ perceptions and taking the necessary steps to address concerns will be critical to better planning and expanded ownership of organizational goals, if performance-based funding were implemented.

A nonprobability purposive sampling method was used to recruit specific individuals for one-on-one semi-structured interviews. Twenty-six participants were selected, from California Community Colleges located within the San Diego and Imperial Counties, whom can best inform the research questions and enhance understanding of performance-based funding. Data collected during the interviews were analyzed using a constant comparative method to compare data within a single interview, between interviews within the same stakeholder group, and compare interviews from different stakeholder groups.

Several themes emerged from the research data. Pertaining to research question one, the emerging themes were (a) flawed assumptions by legislators and policymakers; (b) applying a business model to public higher education is problematic; (c) a movement toward defunding education; (d) the value of public higher education; (e) PBF has no benefit at all; and (f) quasi-PBF models are already in place. With regard to research question two, emerging themes included (a) educators have no control over variables; (b) the fear that PBF will lead to the lowering of academic standards and gaming of the system; and (c) PBF will ultimately limit access. Related to research question three, the emerging themes were (a) expanding the definition of success; (b) including all the right stakeholders and changing the dialogue; and (c) a need for guaranteed base funding.

Although the research methodology relies on self-reporting of participants who had a lot at stake if performance-based funding were implemented, data were triangulated...
with other kinds of evidence, such as researching available public documents and validating information on the California Community Colleges Chancellor’s Office DataMart Management Information Systems. Member checking relating to the accuracy of the data took place “on the spot” in the interview and at the end of the data collection. The following section will discuss the findings and the interpretation of the results and presents generalizations that can be surmised from the research. This will be followed by a brief discussion of the recommendations and implications to policy and practice.

**Findings and Interpretation of Results**

Pertaining to the first research question, when participants were asked about their perception of performance-based funding, the most common perspective shared between both administrators and faculty was that there are flawed assumptions by the legislators and policymakers, who are not educators and do not experience the challenges of a community college, that performance-based funding is an effective way to hold institutions of public higher education accountable for outcomes that occur or do not occur.

Several participants have expressed their concern that performance-based funding pushes public education towards a business model or an efficiency model that does not take many critical factors into consideration, such as the challenges of underprepared or traditionally underserved students. I concluded that in complex organizations, especially in social organizations, it is difficult to apply a business model to an environment where the agents have no control over critical variables, especially when the institution’s mission requires the admittance of “the top 100%” of students. Public institutions of higher education are not in the business of manufacturing or producing widgets. Instead,
they are dealing with human beings who are very complex creatures and have many factors that affect whether or not they are successful. They are extremely diverse, and they come to community colleges with massively different needs, expectations, and levels of preparation. Moreover, these students are not static while they are in community colleges. Their lives are constantly changing, as they negotiate the struggles of their lives (e.g., poverty, homelessness, working full time, family issues).

Participants have voiced their concerns about these accountability or business models going against the grain of the Master Plan for higher education. However, the Master Plan was adopted more than 50 years ago. While most would agree that the Master Plan has served California and its students well for many decades, I concluded that the Master Plan needs to be updated, especially since higher education in California today face two crises: the budget problem and the education skills gap. Updating key components of the Master Plan is crucial to closing the education skills gap. For example, a new component of higher education policy that focuses on outcomes—specifically, completion rates—should be added to the Master Plan.

There were a few faculty who believed that there is a movement to defund education, especially since colleges have not received full funding for many years and now they are being held accountable for the minimal amount of funding they do receive. California’s financial commitment to higher education has been compromised by fiscal crises and competing state priorities. Despite large increases in the demand for higher education, state general fund spending in this area has declined notably over the past 10 years. A report published by Public Policy Institute of California (Johnson, 2012) has confirmed that almost 18% of all general fund expenditures went to higher education in
the mid-1970s compared to the 12% received by higher education today. Although this 2012 report confirms that less funds are being allocated to higher education, I do not believe that this is conclusive of a movement to defund education. Instead, I believe that it reflects the reality of competing priorities on a limited budget. Moreover, the literature suggests that accountability arises from elected officials’ need for assurance that taxpayer funds are not only being invested and used properly but are resulting in desired outcomes at acceptable levels or rates (Cavanaugh & Garland, 2012; Powell et al., 2012; Tandberg, 2010).

All participants of the study expressed the value of a public higher education and how performance-based funding will negatively impact society. They have cited examples, such as analytical; critical thinking and problem solving skills; an individual’s ability to obtain better jobs and salaries; as well as promote a wide range of socioeconomic gains for both individuals and society involving health, crime, life expectancy, quality of life, and civic responsibility. These concerns reexamine fundamental questions about the public and private value of college that have been missing from the public dialogue in many years. The narrow focus on money and jobs as the primary outcomes of college distorts the broad value that we all derive from college education, ranging from increased economic productivity and an enhanced tax base; to reduced needs for public services, assistance programs and health care needs; and a more civil and law-abiding citizenry (Institute for Higher Education Policy, 1998).

Many of the participants’ perception of performance-based funding have been framed by their experience with quasi-PBF models, namely California’s Partnership for Excellence and Student Success Initiatives, which the colleges have experienced for the
last two decades. California’s Partnership for Excellence (PFE), which was signed into law in 1998 through Senate Bill 1564 and represents CCC’s first formal introduction to performance funding, was a substantial financial investment by the State in exchange for a credible commitment from the California Community Colleges system to specific student and performance outcomes. Systemwide faculty leaders have argued that rewarding degrees and grades pressures faculty to inflate grades. They also expressed concerns that any distribution of funds based on students’ performance would exacerbate educational inequality. These concerns were consistent with the unintended impacts of PBF mentioned in the literature where studies discuss how performance funding leads to grade inflation and the weakening of academic standards. The literature provides some evidence that colleges are being pushed by accountability demands for higher retention and graduation rates to pressure faculty to avoid giving failing grades (Bogue, 2002; Burke, 2002; Dougherty & Hong, 2006; Dougherty et al., 2012; Dougherty, Jones et al., 2013; Dougherty et al., 2014a; Dougherty & Reddy, 2013; Gray et al., 2001; Jenkins et al., 2009; Pheatt et al., 2014; Reddy et al., 2014). The president of the American Association of University Professors chapter at a Florida community college noted: “There’s a lot of pressure to retain every single student no matter what it takes. . . . We have to report every conference we’ve had, the outcome, if the student wasn’t retained, why, how many efforts were made” (quoted in Dougherty & Hong, 2006, pp. 74-75). In Washington, faculty and administrators at several community colleges raised the alarm that the Student Achievement Initiative might lead to pressure on instructors to lower their academic standards so that more students would pass courses and the colleges could gain more performance points (Jenkins et al., 2009, p. 39). In the early 2000s,
Partnership for Excellence lost its support and funding and eventually rolled into base district allocations in 2005.

In recent years, the state tried to implement performance-based funding, only to back away from it. In 2010, Senator Carol Liu introduced SB 1143, intended to incentivize course completion in the state’s community colleges. The bill did not pass. However, as a compromise, it led to the creation of the California Community Colleges Student Success Task Force, which considered including “outcomes based funding” in its recommendations to the legislature. The task force recommended a comprehensive plan, known as the Student Success Initiative, to focus on California Community Colleges’ core missions of workforce preparation, remediation, transfer to 4-year colleges and universities, and degree and certificate completion. The task force’s effort to develop the Student Success Initiatives are consistent with behavior explained through Argyris and Schön’s (1996) Theories of Action, which holds that higher education institutions are revenue maximizers and will make a strong effort to improve their performance if the amount of funding involved is significant enough (Burke, 2002). In September 2012, Governor Jerry Brown signed into law the Student Success Act of 2012, the legislative cornerstone of a California Community Colleges reform initiative aimed at improving educational outcomes for students and better preparing the workforce needed for California’s changing economy (CCCCO, 2012b). Most administrators and faculty have praised the student success initiatives since they require colleges to pay closer attention to programs, processes, and curriculum that lead students to completion and success. However, a major concern that many of the participants had was they could not
understand the funding formula or the number of students they have to serve in order to receive the funding (Table 5).

With regard to the second research question, overwhelmingly, all participants expressed their genuine concern about being held accountable for variables over which they have little or no control. Because community colleges must admit “the top 100%,” they must accept all students who apply, to include students who are underprepared for college. As open access institutions, community colleges serve a diverse population of learners with varying levels of academic preparation. Assisting the underprepared student to attain the basic skills needed to succeed in college has been a core function of the California Community Colleges throughout its history. All participants have stated that many of their students are not prepared to do college level work and are placed into ESL, remedial math, reading, and writing. This puts a heavy burden on the colleges to utilize scarce resources for program and curriculum planning and development; student assessment; advisement and counseling services; supplemental instruction and tutoring; articulation; instructional materials and equipment; and any other purpose directly related to the enhancement of basic skills, ESL instruction, and related student programs.

Both administrators and faculty that participated in the study questioned the wisdom of losing funding because of low completion rates amongst underprepared and traditionally underserved students. They see performance-based funding as a vicious cycle of perpetuating low completion rates for these two populations. A senior level district administrator stated, “If you have a system that basically rewards or punishes a community college for handling students of that nature, then that community college has an immediate incentive to turn its back on those particular students.” This senior level
administrator’s observation is consistent with findings of the Lahr study indicating that the most commonly mentioned unintended impact of performance funding was restricted admission of less-prepared (and less advantaged) students. The authors suggested that a decided move to greater admissions selectivity could gravely undermine the open-access mission of community colleges and broad-access 4-year institutions (Lahr et al., 2014).

In all of the participants’ colleges, many of their students are nontraditional students who have personal challenges that get in the way of their academic success. Financial challenges are further exasperated due to the economic instability in the personal lives of many students, who are living in situations less than conducive for achieving academic success due to no, or minimal, income and/or financial support from parents and family. Some students reside in neighborhoods with high crime rates, which lack the required structure to facilitate academic success. Many nontraditional students are the first generation in their families to have the opportunity to attend college. As a result, these students are unfamiliar with the internal processes and often confronted with the initial challenge of simply understanding the process for registration, financial aid, and how to effectively select courses for a specified degree or certificate program.

Some of these students’ personal challenges are so great that educators believe it is unfair to hold them accountable for things that are beyond their classroom, their college, and their control. Colleges fear that they will lose funding when many of their students live such chaotic lives. It is my conclusion that students are a big factor in whether they succeed academically or not. If they have competing priorities, such as working a full-time job, being financially responsible for their family, taking care of children, feeling hungry and being homeless, then it affects their ability to succeed
academically. It would be unfair to hold educators accountable for things over which they have no control.

The second most frequently cited concern across the community colleges was a lowering of academic standards and gaming the system. Faculty, more than administrators, have expressed their concern that the push to constantly expand “access” to higher education and meet certain outcomes will have the effect of pressuring faculty members to lower their standards, “water down” the curriculum, and inflate grades. These coping mechanisms were compared to the theory of Maslow’s (1954) hierarchy of needs, which explains that employees whose lowest level needs have not been met will make job decisions based on compensation, safety, or stability concerns. The concern of lowering academic standards is legitimized by recent events within the districts of San Diego and Imperial Counties. Several faculty gave both subtle and overt examples of this occurring in their colleges.

In addition to the lowering of academic standards, participants cited concerns about the cost of compliance with performance-based funding through “gaming of the system.” This “gaming of the system” can be explained through Pfeffer and Salancik’s (1978, 2003) Resource Dependency Theory, which holds that when resources become scarce, the organization’s survival is contingent on its ability to adapt in response to these environmental changes. This translates into higher education institutions selectively and strategically responding to demands that impact their survival and growth. The strategies used by the colleges in this study to game the system are consistent with findings in the literature review where researchers carefully documented the various ways colleges game the performance funding system, which typically include setting low goals and using
deceptive compliance strategies (Bogue, 2002; Burke, 2002; Dougherty & Hong, 2006; Dougherty et al., 2012; Dougherty, Jones et al., 2013; Dougherty et al., 2014a; Dougherty & Reddy, 2013; Gray et al., 2001; Jenkins et al., 2009; Pheatt et al., 2014; Reddy et al., 2014). For example, some Florida community colleges have encouraged students to take full sequences of courses (even if they did not need them) in order to score more performance points (Bell, 2005). While colleges may successfully receive high performance funding scores by engaging in these practices, they do not improve institutional performance (Dougherty & Reddy, 2011).

Research participants widely reported concerns about performance-based funding leading to limited access in the form of restricting admission, changing course offerings, or implementing policies that will boost the college’s retention and graduation rates at the expense of underprepared or underperforming students. In the literature review, this practice has been referred to as “creaming” (Bell, 2005, p. 146; Dougherty & Hong, 2006, p. 75). One administrator indicated that colleges would react by limiting access for students who cannot speak English, who cannot write, and who cannot do math. Many participants, both administrators and faculty, worried that colleges would schedule more classes where there are high levels of success and limit the amount of difficult classes being offered.

A department chair expressed concerns about creating inequitable conditions by focusing only on those students that do well academically and exclude underprepared and traditionally underserved students in order to get more funding. Several participants have listed different tactics that colleges will use if performance-based funding were implemented. One example is to create barriers by lowering a student’s enrollment
priority or putting a hold on their registration. Another example is to require many prerequisites in order to screen out underprepared students.

Related to the third research question, the number one recurring theme was the need to expand performance-based funding’s definition of success. All participants mentioned that their institution’s success has been defined by the California Community Colleges Chancellor’s Office as completion, persistence, career technical education, and remedial education.

In its commitment to increase transfer and degree and certificate attainment, the California Community Colleges Board of Governors has established a performance measurement system that tracks student success at all 112 community colleges. The Student Success Scorecard represents an unprecedented level of transparency and accountability on student progress and success metrics in public higher education in the United States. However, as illustrated in Table 6 of Chapter 4, I observed that there were many instances when the success rates of several metrics plunged between 2011 and 2014. For example, the completion rate for the San Diego Community College District dropped from 60.7% in 2011 to 55.6% in 2014. The percentage of credit students who attempted a course designated at “levels below transfer” in ESL and successfully completed the ESL sequence or a college-level English course within 6 years dropped from 29% in 2011 to 20.7% in 2014. Moreover, there is not sufficient proof that implementing the Scorecard leads to improved institutional performance, which speaks to the criticism from opponents of performance-based funding cited in the literature.

Participants have mentioned that the Student Success Scorecard definition of success is too narrow and does not measure more intangible, yet equally meaningful,
areas of success. Many participants believe that a lot of people—such as those who are just taking a course to build skills, those who are taking a few courses for job retraining, those not looking to obtain a certificate or degree, and those with no desire to transfer to a 4-year university—will not be counted as a success since they do not fall into the traditional performance-based funding categories of completion, certificate, degree, or transfer.

Because the community colleges’ mission is so multifaceted, participants are proposing that the definition of success be broadened to reflect the diverse needs of its student population. Their number one recommendation is to define student success as the student being able to achieve his or her educational goals. Moreover, community colleges should be considered successful when they are able to meet students’ needs coming from all walks of life and all levels of preparation.

The second theme with regard to overcoming obstacles and minimizing unintended impacts produced by performance-based funding is participants’ recommendation to include all the right stakeholders and change the dialogue. Participants have suggested that having key stakeholders at the table would allow for a wide variety of perspectives to discuss concerns and develop best strategies for implementation. This, in turn, increases buy-in from educators and increases the likelihood of successful outcomes at each institution. This recommendation was also found in much of the literature with regard to minimizing the unintended impacts of performance-based funding where research participants believe that for performance funding to improve, better communication and involvement of the entire campus community are necessary. This includes taking actions to better inform faculty members
and department chairpersons about the performance funding policy and creating opportunities for them to be more involved in addressing pertinent issues (Bogue, 2002; Burke, 2002; Dougherty & Hong, 2006; Dougherty et al., 2012; Dougherty, Jones et al., 2013; Dougherty et al., 2014a; Dougherty & Reddy, 2013; Gray et al., 2001; Jenkins et al., 2009; Pheatt et al., 2014; Reddy et al., 2014). According to Dougherty and Reddy (2011):

If faculty members are often unaware of the extent and content of performance funding, they are less able to shape how colleges respond to it. This not only undercuts the role of faculty in the shared governance of institutions but also increases the possibility that the performance funding programs may be designed and implemented in ways that are less effective and could produce unintended impacts due to a lack of awareness of the particulars of instruction and administrative practice that faculty and midlevel administrators are privy to.

(p. 42)

Although not every stakeholder will agree with the final product, each stakeholder group would appreciate that they were included in the discussion and that their concerns and recommendations would be considered. Of course, establishing trust and developing relationships will be critical to the implementation of performance-based funding.

Another recommendation was to change the dialogue and frame the conversation in such a way that accountability measures are viewed as areas of opportunity instead of a punitive instrument. A senior level district administrator suggested that stakeholders come to a collective understanding of what it is they are trying to achieve and define the problem they are attempting to solve. A department chair proposed that the discussion
focus on celebrating the things the community colleges do well and funding things that could improve outcomes in a way that is not punitive. Another senior level district administrator suggested that colleges would rise to the challenge if standards and specific achievable goals were set without having funding bonuses or punitive funding acts. Moreover, the improvements need to come from within the community colleges, a bottom-up and grass roots approach.

The third theme was a need for guaranteed base funding before considering performance-based funding. Participants stated that success occurs when there are adequate number of classes, full-time faculty, curriculum development, teacher training, counselors, facilities, technology, library material, physical resources, staff support, and wrap around student support services. All of this requires a guaranteed base funding. A guaranteed base funding is necessary to protect access and promote success for the colleges’ diverse student population from all walks of life, in different economic situations, in contrasting levels of academic preparation, and with various educational goals.

Moreover, the guaranteed base funding needs to be reliable and continuous. Unpredictable funding becomes very problematic when a long lead-time is needed to decide what classes or how many classes to offer. As a result, colleges would decide not to offer classes if they are not certain they would receive their guaranteed base funding 1 1/2 years from today, which ultimately limits access.

Participants recommended that the colleges receive a guaranteed base funding first and then receive additional monies, as an incentive, for meeting outcomes that are meaningful to the immediate community. Performance-based funding would be over and
above the guaranteed base funding. It would not be part and parcel of the base funding. This recommendation is counter to findings in the literature, indicating that there has been a movement away from PF 1.0, where PBF funding is in addition to base funding and found not to be effective in many states, and toward PF 2.0, where PBF is part and parcel of the regular state base funding formula for higher education.

When performance-based funding is implemented, participants have recommended that funds be given to the community colleges up front to be used specifically to support activities that impact defined outcomes. In other words, to develop a forward-funding mechanism rather than funding based on what happened a year and a half to 2 years ago.

**Recommendations and Implications**

The literature indicates that existing performance funding programs encounter sizable obstacles to success and produce significant unintended impacts on students and colleges (Dougherty et al., 2009; Dougherty & Hong, 2006; Dougherty et al., 2012; Hermes, 2012; Lahr et al., 2014; Pheatt et al., 2014). Yet, many states are currently considering performance funding, and, as such, policymakers are in need of guidance on how best to combat the obstacles encountered and unintended impacts produced by performance funding programs.

If performance funding is mandated in California’s higher education, administrators and policymakers will have a better likelihood of success by considering the several implications of the approach to practice. Even if performance funding is not mandated in California, the higher education community can demonstrate an
accountability initiative so that political officials would not impose external accountability measures on higher education.

In order to reduce obstacles, performance funding programs need to utilize better performance indicators and measures (Hermes, 2012); provide more performance funding and insulate it better from the state revenue cycle (Bogue & Johnson, 2010; Cavanaugh & Garland, 2012; Dougherty et al., 2012; Hermes, 2012; Shin, 2010); improve capacity for organizational learning—for example, providing funds and assistance for organizational innovation and addressing institutional resistance to performance funding (Dougherty & Reddy, 2013); and combat institutional resistance and gaming. To reduce institutional resistance to performance funding systems, California should emulate Tennessee and Ohio in involving institutional personnel—not just senior administrators but also faculty and staff—in the design of performance funding programs (Dougherty et al., 2014b).

Even if performance funding programs can be made more effective, research in general indicates that they produce a range of unintended impacts that need to be actively mitigated and even eliminated. This could be done by lowering the cost of compliance, combat narrowing of institutional missions, protecting academic standards, and avoiding disincentives to enrolling disadvantaged students (Dougherty, Natow et al., 2013; Hermes, 2012). College administrators and faculty can help identify performance indicators and measures and funding practices that may produce the ultimate student outcomes state officials seek (Cavanaugh & Garland, 2012; Dougherty et al., 2012; Dougherty, Natow et al., 2013; Dougherty & Reddy, 2013; Hermes, 2012; Jenkins et al., 2009; McKeown-Moak, 2013).
To ensure that academic standards are not lowered, CCC and institutions can use a number of policy tools. They can collect statewide data on degree requirements and course grade distributions to determine whether these have eroded since the adoption of performance funding. Assessments of general student learning can be used to further protect against a weakening of curricular requirements and grading standards (Dougherty et al., 2014b). However, these student-learning assessments should be developed in cooperation with faculty, whose participation can help to ensure that these assessments are viewed as instructionally valid and institutionally legitimate (Dougherty & Reddy, 2013). Because restricting student admissions is a tempting approach to increasing performance on state metrics, CCC should take steps to avoid artificial comparisons between institutions that are quite different in their student composition and therefore quite different in their ability to produce high retention and graduation rates. Finally, CCC could compare each college to peer institutions (Dougherty et al., 2014b).

This research adds to the existing literature by studying the perceptions of performance-based funding by stakeholders, specifically administrators and full-time faculty in leadership positions, from the California Community Colleges located within the San Diego and Imperial Counties.

Future research is recommended to address areas that this study was unable to focus on. Of particular importance, research is recommended to conduct a quantitative analysis on the impacts of quasi-PBF policies, such as Student Success Support Programs and Equity Programs, on student outcomes at California Community Colleges, and the organizational processes that account for those impacts. Colleges are currently making many changes in response to the Student Success Act and associated funding, but
institutions have very little guidance on which changes are particularly effective in producing improvements in student outcomes.

Secondly, there is a major concern amongst the two stakeholder groups that by rewarding success, performance-based funding compromises the open access mission of community colleges. Colleges will have an incentive to counsel away or otherwise discourage marginal students from enrolling. Since the perceptions of some of this study’s participants are deficit-oriented with regard to students (i.e., “the product with which we work comes with a defect”), the likelihood of achieving student equity becomes questionable regardless of the funding strategy (i.e., formula funding or performance-based funding). Future research is recommended to study a variety of approaches to address such equity concerns. Perhaps performance-base funding should reward student progress from wherever students begin and grant more rewards for gains in the precollege part of the continuum than in college-level work. Another approach would be to include multipliers for progress and/or completions by underprepared students to actually provide an enhanced incentive for colleges to serve such students. Equity could be addressed even more directly by rewarding improvements in closing specific racial/ethnic performance gaps. Additionally, performance can be measured in terms of each college’s improvement over time, rather than comparing colleges to one another.
REFERENCES


### APPENDIX A
California Community Colleges’ 2015-16 Advance Principal Apportionment
San Diego Community College District

<table>
<thead>
<tr>
<th>Workload measures:</th>
<th>Base Funding</th>
<th>Marginal Funding</th>
<th>Base FTES</th>
<th>Growth FTES</th>
<th>Restored FTES</th>
<th>Stability FTES</th>
<th>Total Funded FTES</th>
<th>Unfunded FTES</th>
<th>Actual FTES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit FTES</td>
<td>4,630,498.67</td>
<td>4,687,660.08</td>
<td>33,618.07</td>
<td>1,212.29</td>
<td>0.00</td>
<td>0.00</td>
<td>34,030.80</td>
<td>0.00</td>
<td>34,630.80</td>
</tr>
<tr>
<td>Noncredit FTES</td>
<td>2,811,772.93</td>
<td>2,884,319.95</td>
<td>2,219.96</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>2,350.84</td>
<td>0.00</td>
<td>2,350.84</td>
</tr>
<tr>
<td>Noncredit - CDCP FTES</td>
<td>4,630,498.67</td>
<td>4,687,660.08</td>
<td>6,566.20</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>6,550.65</td>
<td>0.00</td>
<td>6,550.65</td>
</tr>
<tr>
<td>Total FTES:</td>
<td></td>
<td></td>
<td>42,224.76</td>
<td>1,456.75</td>
<td>0.00</td>
<td>0.00</td>
<td>43,681.50</td>
<td>0.00</td>
<td>43,681.50</td>
</tr>
</tbody>
</table>

#### I Base Revenues +/- Restore or Decline

A Basic Allocation
B Basic FTES Revenue Before Workload Reduction
C Workload Reduction
D Revised Base FTES Revenue
  1 Credit Base Revenue
  2 Noncredit Base Revenue
  3 Career Development College Non-Cr
  E Current Year Decline

Total Base Revenue Less Decline

#### II Inflation Adjustment

A Statewide Inflation Adjustment
B Inflation Adjustment
C Current Year Base Revenue + Inflation Adjustment

#### III Basic Allocation & Restoration

A Basic Allocation
B Basic Allocation Adjustment COLA
C Stability Restoration
D Restoration of 11-12 Workload Reduction

#### IV Growth

A Unadjusted Growth Rate
B Constrained Growth Rate
C Constrained Growth Cap
D Actual Growth
E Funded Credit Growth Revenue
F Funded Noncredit Growth Revenue
G Funded Noncredit CDP Growth Revenue

Total Growth Revenue

#### V Other Revenue Adjustments

A Misc Revenue Adjustments
B Full-Time Faculty Hiring
C Base Increase

Total Revenue Adjustments

#### VI Stability Adjustment

#### VII Total Computational Revenue (sum of I, II, III, IV, & VI)

#### VIII District Revenue Source

A1 Property Taxes
A2 Less Property Taxes Excess
B Student Enrollment Fees
C State General Apportionment
D Estimated EPA
E Available Revenue
F Revenue Shortfall
G Total Revenue Plus Shortfall

#### IX Other Allowances and Total Apportionments

A State General Apportionment
B Statewide Average Replacement Cost
C Number of Faculty Not Hired
D Full-time Faculty Adjustment
E Net State General Apportionment

#### X Unrestored Decline as of July 1st of Current Year

A 1st Year
B 2nd Year
C 3rd Year

Total
### Basic Allocation Calculation Before Current Year COLA

**College/Center Base Funding Rates (Current Year FTEs Thresholds):**

<table>
<thead>
<tr>
<th>FTEs:</th>
<th>$5,670,817</th>
<th>$4,536,493</th>
<th>$3,402,370</th>
<th>$567,062</th>
<th>$4,536,493</th>
<th>$3,968,432</th>
<th>$3,402,370</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue:</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$7,638,054</td>
<td>$3,402,370</td>
</tr>
<tr>
<td>Total Colleges</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**State Approved Center: Funding Rates**

<table>
<thead>
<tr>
<th>Grandfathered or Previously Approved Center: Funding Rates</th>
<th>Total State Approved Centers Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,134,123</td>
<td>$0</td>
</tr>
</tbody>
</table>

### Grandfathered or Previously Approved Centers: @ FTEs Levels

<table>
<thead>
<tr>
<th>FTEs:</th>
<th>$1,134,123</th>
<th>$850,592</th>
<th>$567,062</th>
<th>$283,531</th>
<th>$141,765</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Grandfathered or Previously Approved Centers Revenue</td>
<td>$17,011,849</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Report produced on 7/21/2015 at 7:41:24AM**
APPENDIX B

Interview Protocol Used in Study

Interviewee Name: ______________________________________________________

Interviewee Title: ________________________________________________________

Institution: _____________________________________________________________

Gender: _______________          Ethnicity: _______________

Received consent form? _____ Yes     _____ No

Interview Format:

_____ A: Introductory Protocol

_____ B: Background and Purpose of the Study

_____ C: Interviewee Background

_____ D: Institutional Perspective

_____ E: Post Interview

A. Introductory Protocol

[Introduce myself and explain my role as a graduate student]

[If I have not already received the signed consent form, then hand the consent form to the interviewee]

Before starting the interview, I must ask you to sign an informed consent form designed to meet SDSU’s Institutional Review Board’s human subject research requirements. Essentially, this document states that: (1) your participation is voluntary and you may stop at any time if you feel uncomfortable, and (2) there will be privacy and confidentiality in
gathering, storing and handling data in all aspects of the study. Please sign the release form.

As mentioned in the consent form, I would like to audio tape our conversation today in order to facilitate note-taking. For your assurance, the audio recording and transcripts would be accessible only to me, the transcriptionist, and faculty sponsor. Do I have your approval?

[Turn on audio recording now]

Thank you for your agreeing to participate in this research. I want to be respectful of your time, so I planned for this interview to last no longer than one hour. During this time, I have several questions that I would like to cover. If time begins to run short, it may be necessary to interrupt you in order to push ahead and complete this line of questioning.

B. Background and Purpose of the Study

Currently, California funds its public colleges and universities on the basis of enrollment, a process that reinforces their commitment to college accessibility and ensures a relatively equitable distribution of per-student spending across institutions. This funding strategy is called formula funding. However, ongoing budget cuts, combined with stagnating graduation rates and a rising demand for highly educated workers, have accelerated the discussion about the merits of performance-based funding, an alternative funding strategy, for public higher education.

Performance-based funding is a system based on allocating a portion of a state’s higher education budget according to specific performance measures, such as course completion, credit attainment, and degree completion, instead of allocating funding based entirely on enrollment.

In September 2013, California was one of ten states having formal discussions of performance-based funding. As such, policymakers in California are in need of guidance on how best to combat the obstacles encountered and unintended impacts produced by performance funding programs.

The purpose of the research is to examine how stakeholders of California Community Colleges, specifically administrators and faculty, perceive the performance-based funding strategy.

C. Interviewee Background

1. What is your role here at the institution?
Probes: How long have you been in your current role? How long have you been working for this institution?

2. Briefly describe your role as it relates to student access and success.

Probes: How are you involved in protecting access and promoting success?

3. What is performance-based funding from your perspective?

4. What do you think are some potential benefits of performance-based funding?

5. What concerns do you have regarding performance-based funding?

[Check audio recording]

D. Institutional Perspective

The MiraCosta Community College District’s mission is to provide superior educational opportunities and student-support services to a diverse population of learners with a focus on their success.

6. How does MiraCosta define success at this institution?

7. How can performance-based funding be used to support MiraCosta’s mission?

8. How can performance-based funding be used to hinder MiraCosta’s mission?

9. If performance-based funding were to be implemented, what suggestions would you make that would increase the likelihood of performance-based funding’s success?

10. If performance-based funding were implemented, what could California Community College do to minimize the unintended impacts produced by performance-based funding?

11. What recommendations do you have for structuring a performance-based funding system that will protect access?

12. What recommendations do you have for structuring a performance-based funding system that will promote student success?

[Check audio recording]
E. Post Interview

13. Before we conclude the interview, is there anything you would like to add or discuss that we have not already covered in the interview?

14. It’s important that I have as many perspectives as possible in this study. Could you tell me of an administrator or full-time faculty member in a leadership position who would have concerns about the implementation of performance-based funding or recommendations for structuring a performance-based funding system which will protect access and promote student success?

15. Could you refer me to websites, organizations or public documents that are available regarding performance-based funding discussions happening in California Community Colleges?

Thank you for participating in this study. The results of this study will provide both legislators and stakeholders with an intelligent basis for discussion and judging conflicting ideas, proposals, and outcomes.

I will be sending today’s audio recording to a professional agency to transcribe it. You will be given the opportunity to review transcripts of the audio recording and make changes to the content prior to its inclusion in the dissertation. Confidentiality will be maintained by omitting your name and institution’s name from the dissertation. Research data will be destroyed three years after the end of this study.

Other Topics Discussed: ____________________________________________
_______________________________
_______________________________

Documents Obtained: ____________________________________________
_______________________________
_______________________________

[End audio recording only after leaving the interview site]
APPENDIX C

Recruitment Flyer Used in Study

Participate in Research

Receive a $10 Visa gift card as an incentive for your participation

What do you think about performance-based funding?

What is this study about?
Elected officials have a need for assurance that taxpayer funds are not only being invested and used properly but are resulting in desired outcomes at acceptable levels or rates. However, the literature indicates that existing performance funding programs encounter sizable obstacles to success and produce significant unintended impacts on students and colleges. This study will examine how stakeholders of California Community Colleges perceive the performance-based funding strategy.

Who can participate?
Administrators and full-time faculty of California Community Colleges who have:
• concerns about the implementation of performance-based funding
• recommendations for structuring a performance-based funding system which will protect access and promote student success

What is involved?
1-hour one-on-one interview. The researcher assures privacy and confidentiality in gathering, storing and handling data in all aspects of the study. Your name and institution’s name will be omitted from the published study.

What is the benefit of participating?
This study is expected to provide both legislators and stakeholders with an intelligent basis for discussion and judging conflicting ideas, proposals, and outcomes.
APPENDIX D

Informed Consent Form Used in Study

Doctor of Education in Educational Leadership (Ed.D.)

Dissertation Study:
Performance-Based Funding in California Community Colleges

You are asked to take part in a research project that focuses on perceptions of performance-based funding in California Community Colleges. Your participation in this research is voluntary and your decision whether or not to participate will have no consequences.

WHO SHOULD I CONTACT IF I HAVE QUESTIONS?

The researcher is Jennifer Acfalle, M.S., a doctoral candidate in the Ed.D. Program at College of Education, Department of Administration, Rehabilitation, and Postsecondary Education. Please read this form and feel free to ask questions. If you have further questions later, Ms. Acfalle will discuss them with you.

Her contact information is:
Address: 5500 Campanile Dr., San Diego, Ca 92182-1625
Phone: 619-594-1142
Email: jacfalle@mail.sdsu.edu

Her Faculty Sponsor is Dr. Nan Zhang Hampton, College of Education, Department of Administration, Rehabilitation, and Postsecondary Education.
Dr. Hampton’s phone: 619-594-6425; email: nhampton@mail.sdsu.edu

WHAT IS THE PURPOSE OF THIS RESEARCH?

The purpose of the research is to examine how stakeholders of California Community Colleges perceive the performance-based funding strategy. Currently, little is known about how these particular stakeholders perceive performance-based funding. Findings of the study will help provide both legislators and stakeholders with an intelligent basis for discussion and judging conflicting ideas, proposals, and outcomes.

HOW LONG WILL I BE IN THIS RESEARCH?

Your participation in the in-depth interview will last approximately one hour. The interview will occur at a place and time that has been agreed upon by both the researcher and you.
WHAT WILL HAPPEN IN THIS RESEARCH?

If you decide to participate in this study, you will be asked to complete an individual interview during which you will be asked to address questions about your perceptions of performance-based funding. The researcher will use an interview protocol to ask questions, interject probing comments, transitional questions and paraphrase what was said. The session will be audio recorded so that the researcher will be able to take extensive notes of her observations, highlight critical quotes, and record the participants’ non-verbal responses to the questions.

After the interview, the researcher will provide an open-ended question sheet for you to complete. The extra data collected from the open-ended question sheet will be used as another data source to ensure that the research information is rich, robust, comprehensive and well-developed. The responses you provide on the open-ended question sheet will also be used to verify the consistency of findings generated by different data collection methods.

The audio recording will be sent to a professional agency to transcribe it. The audiotapes and transcripts would be accessible only to the researcher, the transcriptionist, and Dr. Hampton.

None of the information used in this study are experimental in nature.

WHAT ARE THE RISKS OR DISCOMFORTS INVOLVED IN THE RESEARCH?

There will be no more than a minimal risk to you for participating in this study. You may not answer any interview questions if you feel uncomfortable or do not wish to answer. You may withdraw from the study at any time by discontinuing the interview. Your decision whether or not to participate will have no consequences.

ARE THERE ANY BENEFITS TO PARTICIPATION?

There are no tangible benefits for participating in this research. However, by participating you are providing information that will be an intelligent basis for discussion and judging conflicting ideas about performance-based funding, proposals, and outcomes.

Your concerns about the implementation of performance-based funding at the institutional level and recommendations for structuring a performance-based funding system which will protect access and promote student success will be shared with elected officials and policymakers who contemplate performance funding programs.

ARE THERE ANY ALTERNATIVES TO PARTICIPATION?

There are no alternatives to participating in this research.
WILL MY INFORMATION BE PRIVATE?

Confidentiality will be maintained to the extent allowed by law.

The researcher assures that your participation in the study will remain confidential. The researcher also assures privacy and confidentiality in gathering, storing and handling data in all aspects of the study.

The audio recording will be sent to a professional agency to transcribe it. The audiotapes and transcripts would be accessible only to the researcher, the transcriptionist, and Dr. Hampton. Research records will be stored in the researcher’s personal computer and in a locked office in a locked file cabinet and will only be accessible to the researcher.

You will be given the opportunity to review transcripts of the audio recording and make changes to the content prior to its inclusion in the dissertation. Confidentiality will be maintained by omitting your name, job title, institution’s name, and any other personal identifiers from the dissertation. Research data will be destroyed three years after the end of this study.

Mandatory reporting of suspected child or elder abuse. Under California Law, suspected child or elder abuse must be reported to appropriate authorities.

DO I HAVE TO PARTICIPATE?

You do not have to participate in this research study. If you choose not to participate there is no penalty or loss of benefits to which you are otherwise entitled. Additionally, you may choose to stop participating at any time without penalty or loss of benefits to which you are otherwise entitled. Data associated with your participation will be destroyed if you choose to stop participating in the research study.

WILL I BE TOLD ABOUT THE STUDY RESULTS?

Ms. Acfalle will contact you with results of this study after the study is completed.

WILL IT COST ME ANYTHING TO PARTICIPATE?

Costs associated with participation in this study include your time at the interview and travel time, if applicable.

WILL I BE PAID FOR MY PARTICIPATION IN THE RESEARCH?

A $10 Visa gift card will be given to you as an incentive for your full participation in the one-hour in-depth interview. The gift card will be given to you immediately at the conclusion of the interview.

If you prefer to complete the study via email, the gift card will be mailed to you within one week of the researcher receiving full responses to all interview questions.
If you prefer to complete the study via video conferencing, such as Skype, the gift card will be mailed to you within one week of completing the one-hour interview.

**WHAT IF I HAVE QUESTIONS REGARDING THIS STUDY?**
If you have any questions about the research now, please ask. If you have questions later about the research, you may contact Jennifer Acfalle at 619-594-1142. If you have any questions about your rights as a participant in this study, or in the event of a research-related injury, you may contact the Division of Research Affairs at San Diego State University (telephone: 619-594-6622; email: irb@mail.sdsu.edu). At any time during the research you can contact the IRB for questions about research rights, to discuss problems, concerns, or suggestions, or to offer input.

**CONSENT TO PARTICIPATE:**
The San Diego State University Institutional Review Board has approved this consent form, as signified by the Board’s stamp. The consent form must be reviewed annually and expires on the date indicated on the stamp.

Your signature below indicates that you have read the information in this document and have had a chance to ask any questions you have about the study. Your signature also indicates that you agree to be in the study and have been told that you can change your mind and withdraw your consent to participate at any time. The investigator or a member of his/her research team has provided you with a copy of this consent form with information about whom to contact in the event you have questions. You have also been given a copy of “The Research Participant’s Bill of Rights.”

________________________________________________________________________
Name of Participant (please print) Date

________________________________________________________________________
Signature of Participant Date

________________________________________________________________________
Signature of Investigator Date