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Performance Funding and Stakeholder Perceptions: The Rise and Fall of the Louisiana  
GRAD Act

A Dissertation

Submitted to the Graduate Faculty of the  
University of New Orleans  
in partial fulfillment of the  
requirements for the degree of

Doctor of Philosophy  
in  
Educational Administration  
Higher Education

by

William Drake Owens

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May, 2020

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## Table of Contents

List of Tables .....	vi
Abstract .....	vii
Chapter 1 .....	1
Introduction.....	1
Statement of Problem.....	3
Statement of Purpose .....	6
Significance of the Study .....	7
Research Questions.....	8
Definition of Key Terms.....	8
Chapter 2.....	12
Accountability Measures in Higher Education .....	12
Performance Based Funding in Higher Education.....	16
Impact of Performance Based Funding.....	18
Student Outcomes .....	18
Obstacles to Institutional Responses.....	21
Unintended Consequences .....	23
Performance Funding in Louisiana.....	24
Theoretical Perspectives .....	27
Conceptual Framework.....	31
Chapter 3.....	33
Research Design.....	33
Participant Selection .....	35
Recruitment Strategy .....	37
Data Collection .....	38
Interview Protocol.....	39
Data Analysis.....	40
Role of the Researcher .....	41
Trustworthiness.....	42
Credibility .....	42
Transferability.....	43
Dependability.....	43
Confirmability.....	44
Ethical Considerations .....	44
Conclusion .....	45
Chapter 4.....	46
Findings.....	46
Participants.....	47
Findings.....	48
Attractive Approach.....	48
Performance Based Funding is Good in Concept.....	48
Higher Education is Inefficient.....	51

Performance Based Funding is Needed for Accountability.....	53
Design Versus Implementation.....	56
Political in Nature .....	57
Poor Development .....	60
One Size Does Not Fit All .....	62
Campus Wide Communication.....	64
Resource Allocation.....	65
Tuition Swap.....	65
Not True Performance Based Funding .....	67
No Rewards.....	68
Other Factors at Play.....	70
Lasting Effects .....	72
Enhanced Role of Community and Technical Colleges .....	72
Focus on Student Success .....	75
Data Became Relevant.....	76
Increased Performance Awareness .....	78
Summary.....	80
Chapter 5.....	82
Discussion.....	82
Discussion of Findings.....	82
Addressing the Research Questions.....	83
Implications for Policy and Practice .....	89
Implications for Policy.....	90
Policy Design .....	90
Policy Implementation .....	92
Principal Agent Theory.....	94
Implications for Practice .....	95
Limitations and Future Research .....	97
Future Research .....	99
Conclusion .....	99
References.....	102
Appendices.....	118
Appendix A Recruitment Letter.....	119
Appendix B Consent Form .....	120
Appendix C Interview Protocol .....	122
Vita.....	123

## List of Tables

Table 4.1 Participant Classifications.....	47
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## Abstract

Performance based funding ideology creates a disconnect in communication ranging from state coordinating officials to academics responsible for the actual education to the students (Shin, 2010). The purpose of this dissertation was to analyze higher education stakeholders' perceptions of performance funding by examining the development, design, implementation, and execution of the Louisiana Granting Resources and Autonomies for Diplomas Act (GRAD Act) and offer potential solutions based on the findings. A qualitative study using phenomenological methodology, and theoretical perspectives in the literature, was conducted amongst higher education participants involved with the GRAD Act at the state and campus levels in Louisiana. The findings from this study revealed shared experiences of higher education stakeholders in Louisiana concerning the development, design, implementation, and execution of the GRAD Act and strategies that can be useful in developing the next stages of a unified plan to meet and exceed higher education goals in Louisiana. The results of this study can be utilized as Louisiana leaders consider future funding policies for higher education. Overall, this study sought to add to the body of research on performance funding ideology by analyzing stakeholders' perceptions of the GRAD Act and sharing implications for future development.

Keywords: performance funding; stakeholder perceptions; accountability



## CHAPTER 1

### Introduction

In today's society, higher education has become the norm, an expectation that most students attend college. In the not so distant past however, specifically the period from the early 1950s to the late 1970s, obtaining a college degree in America was considered an elite privilege (Lucas, 1970). During this time, only those high school graduates with brilliant minds, wealthy relatives, and parents who valued education, pursued education past high school. Nevertheless, the past 40 years has ushered in a renaissance period in higher education (Hearn, 2015).

Currently, large numbers of students have the idea of attending college implanted into their psyche at an early age, some as early as during elementary school (Parsons, 2010).

Unfortunately, with rising tuition costs, and the likelihood that students will saddle themselves with debt, it has become increasingly difficult for students to attend school and, in the event they do, complete school with a degree in hand. (Dandridge-Johnson, Noland, & Skolits, 2004).

In the early 1990s, higher education was in crisis due to the economic recession of the time and became an easily dispensable item to cut amongst state budgets (Burke & Associates, 2002). An all too familiar problem the country has again been facing in recent years since the plummet of the national economy in 2008. Since that time, state funding for higher education has decreased across the nation and is \$9 billion below its 2008 levels (Mitchell, Leachman, & Masterson, 2017). Complaints about higher education that arose in the early 90s are echoes of similar sentiments about the problems we, as a nation, face today which include admitting too many students, too few making it to graduation, permitting them to take too long to obtain a degree, and allowing them to graduate without equipping them with enough skill or knowledge to enter the workforce (Burke & Associates, 2002; Lively, 1992).

In response to the concern for accountability, many states, including Louisiana, implemented funding programs based on institutional performance. Performance based funding is a method which demands an evaluation of a school's output in an attempt to monitor the quality, efficiency, and effectiveness of the institutions within public higher education systems (Burke & Associates, 2002). An institution is rewarded when performance based funding goals are met with public funds given from the state's legislature (Burke & Associates, 2002). To receive the funds, institutions must document their overall effectiveness and efficiency to reach the intended goals of the legislature which, in Louisiana, included improving college completion, and meeting the state's workforce expectations and economic development needs (La. Act No. 741, 2010). While the overarching concept seems simple, the design, implementation and execution of these programs is complex and has been historically difficult to achieve (Shin, 2010).

National trends reveal that perceptions of performance funding depend largely on the aspect of the process being discussed, and by whom, as government officials tend to emphasize notions of transparency, accountability and efficiency, while campus officials are concerned with means, implementation, and sustainability (Dougherty & Natow, 2015). Proponents of performance funding cite the lack of external pressure on institutions to improve student success and the importance of establishing incentives for student outcomes rather than traditional measures such as enrollment (Perna & Finney, 2014). Opponents, on the other hand, contend that performance funding policies limit campus level autonomy due to overlaid government arrangements (Rutherford & Rabovsky, 2014). Despite these variances in opinion, and widespread attention of performance funding, little is known about the actual effects the policies have on institutional performance as empirical research on their impacts has largely been based

on subjective evidence and case studies (Dougherty et al., 2016a). To understand the effects on institutional performance, it seems that analysis at the state level is necessary to understand the intricacies of policy development and implementation. Regardless of the approach, the fact remains that sustainability is an issue, as demonstrated by the fact that two-thirds of all states that adopted performance funding programs between 1979 and 2000 later discontinued them for a period of time, moreover one-quarter of the states have never adopted these policies (Dougherty & Natow, 2015).

Considerable research has been conducted outside of higher education that is helpful in exploring why policy instruments do or do not work (Dougherty et al., 2016b). Often, qualities for success or failure are woven in development and become apparent after implementation. One of the dividing themes in the literature is between a perspective that emphasizes the intentions and actions of policy designers, referred to as the “top-down perspective”, and one that stresses the views of the target populations, referred to as the “bottom-up perspective” (Russell, 2015). Hillman, Fryar, & Crespín-Trujillio (2017) contend that drawing upon principal-agent theory may also help to understand how colleges might better implement performance based funding programs. Under this theory a principal will hire an agent to work on the principal’s behalf, and if the agent is willing to engage, both parties will benefit (Russell, 2015). These theories have proven useful in identifying obstacles to implementation and sustainability of performance funding programs (Dougherty et al., 2016a).

### **Statement of the Problem**

After the collapse of the economy in 2008, a wave of legislative and public concern about institutional accountability and college affordability swept the nation. At the same time, the results of a 2009 study revealed that Louisiana’s graduation rates were the second worst in the

South (Office of the Governor, 2010). Louisiana also ranked 8<sup>th</sup> in the nation for appropriations of state tax refunds for operating expenses of higher education and 7<sup>th</sup> in higher education appropriations per capita (Office of the Governor, 2010). The Louisiana Legislature responded by establishing the Postsecondary Education Review Commission to recommend to the Louisiana Board of Regents the most efficient and effective ways to provide citizens with the educational attainment required to meet the needs of the State (Blueprint Louisiana, 2009). It seemed the problem in Louisiana stemmed from all postsecondary institutions trying to be everything instead of delegating each system to serve a unique function so that the output could emphasize workforce demands across the state (Office of the Governor, 2010). The findings led to the creation of the Louisiana Granting Resources and Autonomies for Diplomas Act (GRAD Act).

The GRAD Act required Louisiana postsecondary public institutions to enter into six-year performance agreements establishing targeted metrics in the areas of student success, articulation and transfer, workforce and economic development, and institutional efficiency and accountability (Act 741, Louisiana Regular Legislative Session, 2010). Issues with implementation and execution of the GRAD Act led policymakers to make adjustments and ultimately change course. In 2015, the Louisiana Board of Regents Grad Act Review Panel recommended that the six-year performance agreements not be renewed, that cost and performance be considered in the development of a more appropriate methodology that incorporates accountability metrics into a new outcome based funding formula, and the GRAD Act law be repealed (Louisiana Board of Regents, Grad act Review Panel, 2015). While this shift indicated that the policy did not meet its intended purpose, there is only a small body of existing research that sheds light on exactly what led to the recommendation to repeal the GRAD Act.

Based on existing literature, the recurring problem across the states is that performance based funding ideology creates a disconnect in communication ranging from state coordinating officials to academics responsible for the actual education to the students (Shin, 2010). These issues often are often related to developmental communication and arise after implementation. As noted by Hillman, Tandberg, & Gross (2014), “the pursuit of accountability can be elusive when policy makers and campus leaders disagree on the terms, strategies and conditions for measuring success” (p. 829). Huisman and Currie (2004) argue that faculty might not like being evaluated by others because of the possibility of a power shift from academic professionals to political stakeholders. Shin (2010) laments that “under this situation, policymakers cannot expect to change institutional cultures though such institutions adopted formal rules to demonstrate to policymakers that they are complying with policy changes” (p.64). Similarly, Romzek (2000) stated that “if management reform rhetoric emphasizes employee discretion and autonomy, but performance reviews emphasize rules and procedures, then employees will emphasize rules and procedures in their work efforts” (p.39). Under the new accountability however, governments allow more autonomy but control them through funding mechanisms, which Shin and Harman (2009) conceptualized as the “decentralized centralization” of governance in higher education.

While many studies have examined whether, with the advent of performance funding, institutional officials become more aware of state goals, only a handful of studies have examined how state officials go about disseminating information on state goals for performance funding (Dougherty & Reddy, 2013; Ness, Deupree, & Gandara, 2015). The biggest limitations in the literature seems to be the lack of efforts to improve the organizational capacity of institutions to respond effectively to performance funding (Brinkerhoff, 2010). The main exception, however, is research by Bensimon, Dowd, Longanecker, and Witham (2012) who recounted and analyzed

interventions to improve state and institutional efforts to deliberate on the best means to realize state goals for performance funding.

With little research pointing to the exact nature of communication characteristics that existed between design and implementation, the rise and fall of the GRAD Act remains to be fully understood by policy makers and institutional stakeholders. As future policy is developed, it is necessary to research the innerworkings of GRAD Act development and implementation to determine pitfalls that may be avoided in the future. As stated in the 2011 Master Plan for Higher Education in Louisiana, three main goals are set forth by the Board of Regents: “1.) raising the educational attainment of Louisiana’s adult population to 42% by 2025 2.) investing in research to sustain and expand the State’s economic development and 3.) increased efficiency and accountability in the higher education sector” (Louisiana Board of Regents, 2011). However, in a recent meeting of the Louisiana Board of Regents, discussions were held concerning the unveiling of a 2020 Master Plan that would be as transformative as the one set forth in 2001, yet the 2011 Master Plan under which we currently operate was never discussed (Louisiana Board of Regents, Board Development Meeting, March 27, 2019). Without mentioning the 2011 plan, or any lessons learned between the enactment and proposed repeal of the GRAD Act, the effectiveness of future policy development concerning educational funding in Louisiana remains uncertain.

### **Statement of Purpose**

The purpose of this phenomenological study was to analyze higher education stakeholders’ perceptions of performance funding by examining the development, design, implementation, and execution of the GRAD Act and offering potential solutions based on the findings. Qualitative analysis of higher education stakeholders’ perceptions of the higher

education funding crisis, and needed appropriation reform, promoted a better understanding of the phenomenon of interest (Padilla-Diaz, 2015). Further, through qualitative analysis of collective stakeholders' perceptions, using the researcher as the instrument, this study revealed the issues that led to the recommended repeal of the GRAD Act and shed light on strategies that will be useful in developing the next stages of a unified plan to achieve state higher education goals.

### **Significance of the Study**

This study provides an emic view of institutional stakeholders intimately involved in the design, development and implementation of higher education funding policy in Louisiana. Tierney (1988) noted that each administration of a higher education system may be likened to a web where one must look not only at the natural laws and structure, but that of the actor's interpretation of direction. Structured analysis of the perceptions of those involved in the process provided a framework from which leading state government officials can move to the next stage with due diligence and careful implementation (Merriam, 2001). Ness, Deupree, Gandara (2015) signify that implementation of the state's plan on each of the different region's part may become fragmented due to the unfamiliarity and ill-researched culture of each area. Considering this finding, and the notion of a structured approach, Dougherty and Natow (2015) note that state specific analysis of the process by which communication is achieved would greatly benefit the scholarship upon which future policy could be developed.

Historical approaches to performance funding reveal that widespread participation and buy-in from stakeholders is a common theme among successful programs (Dumont, 1980). In a recent compilation of in-depth research across the states of modern approaches to performance funding, it was concluded that evidence on the implementation and impact of prior policy should

be considered when making decisions about future development, as well as the political and economic environment in which the policy is formed (Dougherty et al., 2016b). By analyzing the particulars of the implementation of the GRAD Act, results of this study can aid policymakers in framing the next stages of institutional accountability in Louisiana. A focus on stakeholder relationships revealed not only levels of communication and participation, but when analyzed through theoretical perspectives enumerated in the literature, provided a consensus as to indicators upon which campus and statewide leaders hold both differences and commonalities. This study added to the body of literature suggested as lacking therein and was designed in such a way that other states can duplicate the method set forth and analyze the intricacies of the results.

### **Research Questions**

The following questions guided this research study:

- What are the perceptions among higher education governing board administrators and legislators responsible for the design and development of the Louisiana GRAD Act at the state level?
- What are the perceptions among campus leaders and campus coordinators responsible for the implementation and execution of the Louisiana GRAD Act at the institutional level?

### **Definition of Key Terms**

It is important for the reader to understand the definitions of key terms that will be used by the researcher. The following terms will be defined: Accountability, Autonomy, Bottom Up Perspective, Campus Leaders, Campus Coordinators, Completion/Graduation, Formula Funding, Higher Education Governing Boards, Legislators, Louisiana Granting Resources and



Autonomies for Diplomas Act (GRAD Act), Performance Based Funding, Performance Funding 1.0, Performance Funding 2.0, Retention, Stakeholders, and Top Down Perspective.

**Accountability:** The shift from accounting for expenditures to accounting for results (Burke, 2002).

**Autonomy:** The ability to raise tuition in exchange for achieving performance objectives (Louisiana Granting Resources and Autonomies for Diplomas Act, 2010).

**Bottom Up Perspective:** Perspective that “stresses the views of the target populations” (Russell, 2015).

**Campus Leaders:** University and college chief executives including Presidents and Chancellors.

**Campus Coordinators:** Those responsible for implementation and reporting performance metrics at the campus level including chief academic officers, mid-level management and faculty.

**Completion/Graduation:** The outcome of how many students within a cohort complete and/or graduate from an institution. This is typically measured in two or three years for associate level programs and four, five, or six years for a bachelor level program (Noel-Levitz, 2008, p. 4).

**Formula Funding:** Mathematical algorithms used to allocate some or all of the funding for colleges, universities, and other higher education programs (Layzell, 2007, p. 6)

**Higher Education Governing Boards:** The governing authority in each state responsible for the development and design of higher education policy. In Louisiana, this includes the Louisiana Board of Regents, as well as the system specific boards including the University of Louisiana, Southern University, Louisiana State University, and Louisiana Community and Technical College Systems.

**Legislators:** Elected officials responsible for lawmaking at the state level.

**Louisiana Granting Resources and Autonomies for Diplomas Act (GRAD Act) :** A statute enacted by the Legislature of Louisiana to support the state’s public postsecondary education institutions in remaining competitive and increasing their overall effectiveness and efficiency by providing that the institutions achieve specific, measurable performance objectives aimed at improving college completion, meeting the state’s current and future workforce and economic development needs, and by granting the institutions limited operational autonomy and flexibility in exchange for achieving such objectives (GRAD Act, 2010, pp. 1-2).

**Performance Based Funding:** A method in which an evaluation of outputs is utilized in an effort to monitor the quality, efficiency, and effectiveness of institutions within public higher education systems (Burke & Associates, 2002).

**Performance Funding 1.0:** A model of performance funding that takes the form of a bonus to regular state funding for higher education and allocates funding on the basis of ultimate outcome indicators such as retention, graduation, and job placement (Dougherty & Reddy, 2011).

**Performance Funding 2.0:** A model of performance funding that includes not only ultimate outcomes indicators, such as retention and graduation rates, but also puts significant emphasis on indicators of intermediate achievement such as course completion, and rather than providing a bonus to state funding, is embedded as a performance element in the regular state base funding formula for higher education (Dougherty & Reddy, 2011).

**Retention:** “The measure of the proportion of students who remain enrolled at the same institution from year to year” (Hagedorn, 2005, p. 98).

**Stakeholders:** Those responsible for development and design which include State Higher Education Governing Board Administrators and Legislators, and those responsible for implementation and execution which include Campus Leaders and Campus Coordinators.

**Top Down Perspective:** Perspective that “emphasizes the intentions and actions of policy designers” (Russell, 2015).

## CHAPTER 2

Based on existing literature, the recurring problem is that performance based funding ideology creates a disconnect in communication ranging from state coordinating officials to academics responsible for the actual education to the students (Shin, 2010). This study sought to analyze higher education stakeholders' perceptions of performance funding by examining the development, design, implementation, and execution of the GRAD Act. This chapter provides readers with background information on the rise of accountability measures in higher education, including shifts from traditional budgeting measures, to the assessment movement, and ultimately the new accountability of performance funding. A historical overview of performance funding in higher education is provided along with a review of the impacts these policies have had across the states including an emphasis on the experience in Louisiana. Relevant theoretical perspectives from existing literature are introduced, followed by a summary of the conceptual framework.

### **Accountability Measures in Higher Education**

The change from the old to the new accountability in state government in higher education has “altered the notion of accountability from accounting for expenditures to accounting for results and shifted the motive from risk avoidance to entrepreneurial efforts” (Burke & Associates, 2002, p.1). This shift has led policymakers to consider institutions as organizations that should perform in a highly effective manner. Osborne and Gaebler (1994) asserted that high-performing organizations require both direction and decentralization stating that “organizations that decentralize authority also find that they have to articulate their mission, create internal cultures around their core values, and measure results” (p.254). Success in the new era of accountability demands autonomy to encourage innovation but requires a

commitment to organizational objectives and results through theories of management based on measurement and reward (Burke & Associates, 2002). Although institutions developed many of these management theories, the academic community has considered them appropriate for business and government, but loathing for academia (Birnbaum, 2000).

Prior to the new approaches to accountability, perception of institutional quality had long been based on Astin's (1985) model, the Resource and Reputation Model of Institutional Excellence, which required that institutions be evaluated based on the quality of campus resources, the quality of admitted students, and the reputation of the faculty's research. Accountability during this time often referred to the design of statewide governance structures capable of accommodating the simultaneous need for institutional autonomy and external oversight of campus decision-making (McLendon, Hearn & Deaton, 2006). The notion of identifying and assessing performance outcomes of higher education did not surface until the mid-1980s when cries for reform of public schools, launched by *A Nation at Risk* (1983) sparked criticism from all sectors of the political spectrum (Burke & Associates, 2002).

The assessment movement that began to sweep the nation in the late 1980s led governors, legislators, and coordinating boards to order assessment policies in two-thirds of the states (Boyer, 1987). Nevertheless, the assessment mandates implemented in the 1980s represented decentralization with very little direction (Blumenstyk, 1991). While many campuses during this time claimed to be doing something to answer the call for assessment, the impact was marginal as the majority of faculty considered this practice an added activity that diverted time and wasted financial resources (Burke & Modaressi, 1999). As faculty continued to find this practice contrary to the notion of quality, and governors and legislators were unable to compare

institutional results, the assessment movement of the 1980s ultimately failed (Burke & Associates, 2002).

A new urgency arose in the 1990s as the national recession made higher education an easy target for budget cutters and external critics (Burke & Minassians, 2001). Economic decline left state governments facing a financial crisis caused by the slow, and sometimes stagnate growth of government revenues, coupled with the rapidly rising cost of higher education and other government programs (Alexander, 2000). On top of this, enrollment rates were growing as a result of the baby boom and the costs of operating higher education were enlarging faster than the rate of inflation (Dougherty & Reddy, 2013). Forces outside of education were a factor as well as the demand for funding K-12 education, prisons, and healthcare continued to increase (Alexander, 2000). As these issues grew larger, state elected officials faced increasing demands from both the public, due to growing concerns of tuition costs, and from the private sector, to increase efficiencies in higher education, to improve the quality of graduates, lower the costs of government provisions, and reduce taxes (Murphy, 2009).

In light of these concerns, the operations of higher education increasingly came into question (Burke & Modaressi, 1999). Characterizations of out of control spending, underworked faculty, and administrative bloat, joined with notions of applying weak admission standards and favoring research over teaching, led policymakers and the public to believe higher education was inefficient (Zumeta, 2001). It was contended that higher education could absorb cuts by increasing class sizes, hiring part-time instructors, running operations more efficiently, and raising more funds through tuition increases and private fundraising (Callan, 2002; Delany & Doyle, 2007). Lively (1992) noted that “much of this criticism centered on unquestionable results of undergraduate education-admitting too many unqualified students, graduating too few

of those admitted, permitting them to take too long to degrees, and allowing too many to graduate without the knowledge and skills required for successful careers in a knowledge and information society” (p. 7). While government officials had long been considered the principle consumers of performance reports, movement in the early 90s expanded consumers to include students, parents, businesses, schools, the media, and the public (Ruppert, 1998). As public concern continued to increase, so did pressure on colleges and universities, sparking a legislative movement toward direct involvement in the activities of higher education as it relates to performance outcomes (Noland & Williams, 2004).

This legislative movement shifted traditional budgeting, which was based on input factors such as student enrollment, operating costs, and inflation, to performance funding, which is based on output factors such as quantity and quality of graduates, and economic development (Burke & Associates, 2002). Performance funding is a method in which an evaluation of outputs is utilized in an effort to monitor the quality, efficiency, and effectiveness of institutions within public higher education systems (Burke & Associates, 2002). “This new accountability is currently widely adopted in higher education management worldwide, especially as a mechanism for allocating operational and or research funds to education” (Shin, 2010, p. 48). Endorsements from the U.S. Department of Education, Complete College for America, and the Lumina Foundation made a major impact on this new notion of accountability as evidenced by the 33 states that were operating performance funding programs as of November 2015, with several more planning to implement one within the next few years (Complete College for America, 2013; Lumina Foundation, 2009; U.S. Department of Education, 2011). Despite the wide adoption of performance funding however, numerous researchers have noted difficulty finding a significant relationship between performance funding and institutional performance (Dougherty

& Reddy, 2013; Dougherty et al., 2016; Fryar, 2011; Sanford & Hunter, 2011; Ness, Deupree, & Gandara, 2015; Shin, 2010; Tandberg & Hillman, 2014; Volkwein & Tandberg, 2008).

### **Performance Based Funding in Higher Education**

Although performance funding has existed for almost 40 years, the rise of accountability led to dramatic shifts in policy change. However dramatic these changes may be, the overarching themes in the adoption of performance funding in higher education can be placed in two major waves. The first wave of performance funding adoptions took place between 1979 and 2000, labeled *performance funding 1.0*, in which incentives were established as bonus money above and beyond traditional state funding (Burke & Associates, 2002; Dougherty et al. 2014; McLendon, Hearn, & Deaton, 2006). The model in this wave allocates funding on the basis of “certain typical indicators: ultimate outcome indicators such as numbers (or percentages) graduating or being placed in jobs; intermediate achievement indicators such as retention, developmental education completion, and transfer; and more occasionally, input indicators such as enrollments of students of certain backgrounds and indicators of program quality such as percentage of licensure exam takers who pass” (Dougherty & Reddy, 2011, p. 6). The second wave of adoptions, *labeled performance funding 2.0*, took shape in 2007 during which time performance funding was no longer a bonus to state funding, but was embedded in the base appropriation (Dougherty & Reddy, 2013; Jacobs 2012). The model in this wave of adoptions includes not only ultimate outcomes indicators, such as retention and graduation rates but also puts emphasis on indicators of intermediate achievement such as retention and developmental course completions (Dougherty & Reddy, 2011).

From 1979 through 2000, *performance funding 1.0* programs were established in 21 states (Dougherty & Natow, 2015). During this period, five states readopted programs, three



states added to programs already operating, and two states reestablished programs after their lapse (Dougherty & Natow, 2015). Using the advocacy coalition framework set forth by Sabatier & Weible (2007), Dougherty et al. (2013) found that two major coalitions drove the formation of *performance funding 1.0*. The first coalition identified was state higher education coordinating boards and public higher education institutions. These findings are supported by Gorbunov's (2013) conclusion that the presence of a state coordinating board is a positive predictor of performance funding adoption and McLendon, Hearn, and Deaton's (2006) findings that the absence of a consolidated governing board is a significant predictor among states that had not adopted these policies. The second coalition identified was legislators, governors, and state business leaders. Burke & Associates (2002) noted that legislators, particularly Republicans, saw government as inefficient and benefitted from the inclusion of business-like philosophy. Similarly, McLendon, Hearn, and Deaton (2006) and Gorbunov (2013) found that legislative bodies consisting primarily of Republicans is a significant forecaster of the adoption of performance funding policies. The wave of *performance funding 1.0* subsided in 2000 in the wake of the recession, causing declines in program adoptions and discontinuation of many existing programs (Dougherty & Natow, 2015).

In 2007, performance *funding 2.0* adoptions and readoptions began to arise as 13 states established first time programs and 22 added to their current program or reestablished programs after their lapse (Dougherty et al., 2016b). Similar to *performance funding 1.0*, state higher education coordinating boards continued to play a role, however the influence of governors was considerably greater as was that of external organizations such as the Bill and Melinda Gates Foundation (Dougherty et al., 2016). While state higher education coordinating boards were actors in both waves, the viewpoint shifted from seeing performance funding as a new source of

public funding in a time of budgetary need, to being concerned with securing better responses from higher education institutions in the face of demands from governors, legislators, and businesses for more college graduates and efficient use of state resources (Dougherty et al., 2013; Dougherty & Natow, 2014; Moden & Williford, 2002).

Despite the rise of *performance funding 1.0* and the shift to *performance funding 2.0*, two-thirds of the states that had adopted performance funding later discontinued the policy suggesting that despite powerful support from various coalitions, performance funding faced a number of impediments (Dougherty, Natow, & Vega, 2012; Gorbunov, 2013). These authors noted that forces contributing to the abandonment of performance funding were economic recession, opposition from higher education institutions, and loss of political champions. State cuts to higher education brought on by the recession led institutions to resort back to protecting state funding, legislators and governors who supported performance funding being succeeded in office, and business advocates becoming less involved as time went on (Dougherty et al. 2016b).

### **Impact of Performance Based Funding**

The impact of performance based has been studied across various institutional types with a focus on student outcomes, obstacles to institutional responses, and unintended consequences. Results vary from state to state as it relates to student outcomes. Obstacles to institutional responses seem to be shared however, as well as many of the unintended consequences. The growing body of literature in these areas reveals trends for consideration as new policy is developed.

**Student Outcomes.** Concerns about performance funding and cost efficiency have taken center stage in recent years with one of the primary manifestations being the link between institutional funding and student outcomes (Rutherford & Rabovsky, 2014). Analyzing the effect

of performance-based funding on student outcomes, however, is a difficult task (Rutherford & Rabovsky, 2014). Hearn (2015) concluded that even if student outcomes improve after the implementation of performance funding, the improvements could be the result of a number of other factors including growing enrollments, efforts to improve student outcomes such as counseling and advising, developmental education, and course articulation and transfer. Considering these outside influences, Dougherty et al. (2016) note that multivariate statistical analysis is important to control for factors that affect student improvement outside of performance funding. When looking at simple descriptive data alone, Dougherty et al. (2016) found that reports from three states (Indiana, Ohio, and Tennessee) suggest that the advent of performance funding has been associated with increases in student outcomes. However, separate studies using multivariate statistics on the same three states reveal quite the opposite (Hillman et al., 2015; Sanford & Hunter, 2011; Umbricht, Fernandez, & Ortagus, 2015).

In the case of Indiana, a study by Umbricht, Fernandez, & Ortagus (2015) compared the state to six surrounding states without performance funding and revealed that performance funding in Indiana did not lead to increases in four-year graduation rates. In Tennessee, a study by Sanford and Hunter (2011) that examined retention and graduation rates by comparing each public university in Tennessee to 12 peer institutions in other states found that performance funding does not have an impact on either retention rates or graduation rates. And in a multi-state study of Indiana, Tennessee, and Ohio by Hillman et al. (2015), which compared institutions in other states of the same geographic region which did not adopt performance funding, institutions in any state that did not adopt performance funding, and institutions from other states that did adopt performance funding, revealed that performance funding had no multi-year impact on graduation rates. However, the authors noted that when analyzed year by year, significant

impacts began to appear after states implemented *performance funding 2.0* programs (Hillman et al., 2015).

Studies from other states yielded similar results with the predominate finding being that performance funding does not have a significant impact on four-year graduation rates (Fryar, 2011; Larocca & Carr, 2012; Rutherford & Rabovsky, 2014; Shin, 2010; Shin & Milton, 2004; Tandberg & Hillman, 2014). Although these multivariate studies show little impact on graduation rates, Tandberg and Hillman's (2014) study shows that performance funding has had an impact on degree production seven years after the performance funding program was established, arguing that institutions may need enough time to meet performance funding demands and make necessary changes. Conversely, it is of note that the study conducted by Rutherford and Rabovsky (2014) found that length of time has a negative impact on graduation rates in five of 12 models analyzed.

It seems that multivariate studies conducted to date fail to show a relationship between performance funding and graduation rates. However, many of the studies listed above examined *performance funding 1.0 programs*. Dougherty and Natow (2015) noted that only a few *performance funding 2.0* programs have been captured by existing studies and, as such, are very early in development. Even still, the two studies by Hillman et al. (2015) and Hillman, Tandberg and Gross (2014) both found that *performance funding 2.0* programs do not have a significant impact on student outcomes, although there is some evidence of delayed effects. Multivariate analysis suggests that institutions may be encountering obstacles to responding effectively to performance funding programs (Dougherty & Reddy, 2013; Hillman, Tandberg & Gross, 2014; Tandberg, Hillman, & Barakat, 2014).

**Obstacles to Institutional Responses.** Student characteristics, inappropriate performance funding measures, inadequate institutional capacity, insufficient state financial support, institutional resistance, and lack of knowledge have been the most frequently reported obstacles to effective institutional responses to performance funding (Pheatt et al, 2014). Numerous studies have found that lack of academic preparation of students plays a major role in institutional performance as a major predictor of retention and enrollment (Astin & Oseguera, 2005; Cabrera, Burkum, & La Nasa, 2005; Titus, 2004). Another issue affecting retention and enrollment is non-degree seeking students including those who are taking a summer course back home, working on a certificate program, or taking general courses in preparation for transfer to another university (Dougherty et al., 2016b). Socio-economic factors play a role as well, as research shows that low-income students are less likely to graduate (Cabrera, Burkum, & LaNasa, 2005).

Inappropriate funding measures have created obstacles in states where performance funding policies did not account for the different classifications of institutions made to adhere to the mandates (Pheatt et al., 2014). In states where classifications were taken into account however, different measures were given to two year and four year institutions, and metrics were established for completion of developmental education and attainment of certificates (Dougherty et al., 2014). Regardless of whether consideration was given to institutional classifications, respondents in studies concerning appropriate measures reveal that states need to further tailor institutional differences to prevent performance obstacles (Dougherty et al., 2016; Pheatt et al., 2014). Similar to the obstacles that arise from inappropriate funding measures are those of insufficient institutional capacity (Honig, 2006). The primary cause of capacity insufficiency is that of staffing in the areas of institutional research or information technology as evidenced by a

study across 18 states showing that universities of smaller size, or with limited financial resources, reported difficulties keeping track of students and enhancing data analysis to improve outcomes (Reddy et al., 2014). A vast majority of the respondents in these studies rated state efforts to build institutional capacity, in spite of these challenges, as low or nonexistent (Reddy et al., 2014).

Insufficient financial support from the states has also played a major role in creating obstacles to improving performance funding metrics (Dougherty et al., 2016b). Statistics since the recession of 2008 show that state appropriations dropped significantly across the states, even among those with long standing performance policies such as Indiana, Ohio, and Tennessee, who realized declines from \$1.82 billion, 1.95 billion and \$775 million to \$1.21 billion, 1.75 billion, and \$725 million respectively (Dougherty et al., 2016b). Due to these sharp declines, institutions have found it difficult to fund new programs and support student improvement initiatives (Pheatt et al., 2014).

Institutional resistance to performance funding has been noted largely by faculty through arguments that it threatens their professional autonomy and weakens academic standards (Lahr et al., 2014). Advocates of performance funding have been equally concerned as they feared that institutional resistance would be met if big shifts in funding were perceived as unfair to institutions (Lederman, 2009). To combat this resistance, several states have attempted to gradually introduce performance standards to give campuses an opportunity to adjust (Alstadt, Fingerhut, & Kazis, 2012). Despite these efforts however, studies across the states reveal that even where program changes were introduced gradually, many were met with resistance, not only because of the perceived encroachment on autonomy, but also because of a prevailing lack of knowledge of the goals of the programs (Dougherty et al., 2016). This lack of knowledge

stems from dissemination efforts focused on senior administrators rather than mid-level administrators and faculty (Reddy et al., 2014). Even more at issue is that among those mid-level administrators and faculty that were aware of the program, many did not understand it in detail leaving speculation that policies implemented in an unclear fashion are not good (Pheatt et al., 2014). While some argue that it is unimportant for faculty and mid-level administrators to understand performance funding, this undermines the notion that higher education institutions have a culture of shared governance in which faculty are the main suppliers of professional services (Schmidtlein & Berdhal, 2011).

**Unintended Consequences.** As with any public policy, unintended outcomes are often produced that are not intended by the policy designers (Hoing, 2006; Mica, Peisert, & Winczorek, 2012). In a cross-state analysis of Indiana, Ohio, & Tennessee involving responses from 110 administrators, restriction of student admissions, weakening of academic standards, compliance cost, lessening of institutional cooperation, decrease in morale, less emphasis on missions not rewarded by performance funding, and decreased faculty input in academic governance were cited as unintended impacts (Lahr et al., 2014). The most commonly reported unintended impact was restriction of admissions of less prepared students (Colbeck, 2002; Lahr et al., 2014). As noted by Hillman et al. (2014) graduation rates “can easily be gamed and manipulated at the campus level” because a campus could increase its graduation rate by “admitting students who are most likely to graduate even if it means shrinking the size of the incoming freshman class” (p. 835). Cohen, Brawer, & Kisker (2013) contend that such a move to greater selectivity in admissions undermines open door accessibility traditionally provided by community colleges, and, as concluded by Jenkins & Rodriguez (2013), it is also problematic for

many public universities historically committed to expanding access to low-income and minority students.

In addition to the unintended consequence of restricted student admissions, weakening of academic standards has been evidenced through the lowering of academic demands and reduction in degree requirements (Dougherty et al., 2014). As noted previously, compliance costs have been an issue for smaller institutions and institutions with limited resources, creating unintended consequences of increased workloads without compensation (Reddy et al., 2014). Increases in workloads and other financial burdens have led to reduced institutional cooperation and a decline in faculty morale (Hillman et al., 2014). This decline in morale is further emphasized by evidence that faculty do not feel that they have a voice in governance (Schmedlein & Berdhal, 2011). As performance funding demands have increased, institutional missions have been narrowed to meet performance objectives further adding to the unintended consequences brought on by these policies (Dougherty et al., 2016a). Considering these unintended consequences, and findings that performance funding policies intended to increase accountability may be doing harm than good, Umbricht et al. (2017) concluded that state policymakers should consider implementation or renewal of performance funding initiatives with great caution.

### **Performance Funding in Louisiana**

Since 1974, the Louisiana Constitution has required the Board of Regents to use formulas to distribute funds to public postsecondary institutions to ensure equality (Public Affairs Research Council, 2008). In 1997, the Board of Regents introduced a funding model requiring higher education institutions to report on four core objectives including total enrollment, minority enrollment, retention, and graduation rates (Board of Regents, 2011). Additional



objectives were added in 2001 and the funding formula consisted of three main components: 1.) core funding 2.) quality improvement and 3.) performance incentives. In practice however, institutions were only funded through the core funding component which was largely enrollment based.

In 2005, a Master Plan Workgroup was formed by the Board of Regents and by 2008, recommendations were issued to establish performance funding by focusing existing and new dollars on performance results, constructing a formula more sensitive to missions of institutions, recognizing different program costs in different settings, and making cost metric values in formula analysis more precise (Louisiana Board of Regents, 2011, pp 3-4). By the end of 2009, the formula that applied to Louisiana institutions emphasized success in undergraduate education and allocated 25% of funding to be based on performance components (Louisiana Postsecondary Education Review Commission, 2009). It was suggested that the Board of Regents include outcome expanded measures related to degree attainment in addition to graduation and completion rates (Louisiana Postsecondary Education Review Commission, 2009). These suggestions ultimately led to the implementation of Louisiana's first performance funding policy, the Louisiana Granting Resources and Autonomies for Diplomas Act (GRAD Act) which was passed in 2010. The stated purpose of the GRAD Act was:

to support the state's postsecondary education institutions in remaining competitive and increasing their overall effectiveness and efficiency by providing that the institutions achieve specific, measurable performance objectives aimed at improving college completion and at meeting the state's current and future workforce and economic development needs by granting the institutions limited operational autonomy and flexibility in exchange for achieving such objectives (GRAD Act, 2010, pp 1-2).

As indicated by Jakiel (2011), although the GRAD Act incorporates financial components, the Act itself was not written as a performance funding measure. As noted previously by Burke & Associates (2002), true performance funding measures are characterized by direct linkage to state funding. As it was initially written, the GRAD Act provides only the possibility of additional funding in the form of autonomy granted to increase tuition and fees, but provided no guarantee of additional revenue (Jakiel, 2011). Changes to the policy were brought on shortly after the Louisiana Board of Regents developed the 2011 Master Plan for Higher Education.

The 2011 Master Plan outlines three main goals: 1) raising educational attainment of Louisiana's adult population to 42% by 2025, 2) investing in research to sustain and expand the state's economic development needs, and 3) increased efficiency and accountability in the higher education sector. The plan outlined changes to the state's funding formula more closely aligned with the funding formula for the GRAD Act by adding a 25% allocation to annual institutional operating budgets for those who reached GRAD Act success targets. The targets included student success, articulation and transfer, workforce and economic development, and institutional efficiency and accountability (GRAD Act, 2010). Although the GRAD Act was amended to include funding allocations for institutions that met the annual targets, the Louisiana Board of Regents Grad Act Review Panel ultimately concluded that a more appropriate methodology should be developed by integrating accountability metrics into a new outcome based funding formula, and recommended that the GRAD Act law be repealed (Louisiana Board of Regents, Grad act Review Panel, 2015). As quoted by a Regents' staff member on the day the GRAD Act was recommended for repeal, "a policy in Louisiana cannot be all things to all people, as the state is one of many in itself" (personal communication, December 10, 2015).

Since the recommended repeal of the GRAD Act, the Louisiana Legislature has failed to stop the blockage of funds being allocated to higher education. As of the 2017-18 school year, Louisiana had experienced both the largest reduction of state funding per student, and the highest increases in tuition in the nation since plummet of the economy in 2008. These numbers equate to a reduction of \$5,350 per student and a 100.7% increase in tuition after adjustments for inflation (Mitchell, Leachman, & Masterson, 2017). Each year attempts to appropriate a sufficient amount of state dollars to higher education has caused legislators, educators, administrators, students, and Louisiana citizens to become increasingly frustrated, feel unheard, and even hopeless. Even more distressing is that Louisiana currently ranks 49<sup>th</sup> in the nation in educational attainment (U.S. Census Bureau, 2018). At the same time, the Louisiana Board of Regents is holding discussions concerning the 2020 Master Plan for Higher Education proposing that the goal will be for 60% of working adults to attain some form of postsecondary education by 2030 (Louisiana Board of Regents, Board Development Meeting, March 27, 2019). Considering these discussions are being held without mention to lessons learned from the 2011 Master Plan for Higher Education and the development of the GRAD Act, the future of performance based funding in Louisiana remains uncertain.

### **Theoretical Perspectives**

Theoretical perspectives are useful in understanding how obstacles and unintended consequences arise in performance based funding as evidenced in studies of policy design, policy implementation, and principal-agent relations (Dougherty et al., 2016b). Studies of policy design analyze different policy instruments to gauge strengths and weaknesses and further policymakers' goals (Stone, 2012). Policy instruments reviewed in policy design research include financial incentives, persuasive communication, and capacity building (Schmidtlein &

Berdhal, 2011). Financial incentives can be characterized by the basic idea that if you promise people a reward or threaten them with a penalty, they will be more likely to conform (Anderson, 2011). Persuasive communication research focuses on information provisions, attention focusing, and persuasion (Espeland & Stevens, 2008). This research operates under the assumption that administrative agencies engage in persuasive activities intended to convince those directly affected that public policies are reasonable, necessary, and socially beneficial to promote understanding and gain buy-in and consent from stakeholders (Rutschow et al., 2011). Capacity building is designed to “change certain aspects of an organizations existing environment, internal structure, leadership and management systems” in an attempt to “improve employee morale, expertise, productivity, and efficiency to strengthen an organizations capacity to do its work” (Light, 2004 p. 46). Addison (2009) notes that agencies responsible for implementation have taken interest in capacity building as a crucial component of successful implementation.

Policy implementation literature attempts to explain why policies, as implemented, are frequently in contrast with the goals intended by the policy framers (Matland, 1995). One of the dividing themes in policy implementation literature is between a perspective that emphasizes the intentions and actions of policy designers referred to as the “top-down perspective” and one that stresses the views of the target populations referred to as the “bottom-up perspective” (Russell, 2015). The top-down perspective focuses on the target population’s lack of knowledge about the intended goals set forth by policymakers as the reason local implementation often deviates from original intent (Dougherty et al, 2016b). In reaction to this theory, researchers suggest that when viewed from the bottom-up perspective, local actors are not ignorant or incompetent, but rather are carriers of different goals and understandings placing mutual adoption at issue rather than outright implementation failure (Smith and Larimer, 2009; Dougherty et al, 2015). Matland

(1995) suggests that top-down and bottom-up perspectives can be reconciled by focusing on the theoretical significance of ambiguity and conflict for policy implementation.

Principal-agent theory further illuminates this ambiguity and conflict through determining why the goals of those responsible for policy implementation do not resonate with that of those responsible for execution (Dougherty et al, 2016b). Principal-agent theory focuses on how principals such as government officials can ensure the compliance of their agents responsible for implementation by recognizing that opposing interests require principals to take additional steps to ensure cooperation (Lane & Kivisto, 2008). Principal-agent theory has proven compatible with policy implementation theory as top-down implementation focuses on the principal's securing of compliance and bottom-up implementation acknowledges the divide between conflicting interest and values (Lane & Kivisto, 2008; Russell, 2015).

Dougherty and Natow (2015) suggest that applying theoretical approaches to policy origins that have not been traditionally used in performance funding studies powerfully illuminates facets of formation. Theories from policy studies such as the advocacy coalition framework, policy entrepreneurship perspective, policy diffusion analysis, and state and bureaucratic politics are embedded in the literature on this topic (Jenkins-Smith, Nohrstedt, Weible, & Sabatier, 2014). The advocacy coalition framework suggests that policy change takes place within a policy subsystem of interest groups, and government agencies that interact over a long span of time to formulate and implement policies within a particular domain (Jenkins-Smith et al., 2014; Mintrom & Norman, 2009; McLendon, Heller, & Young, 2005; Berry & Berry, 2014). This domain is regarded as a major area of interest and subsystem are formed through various advocacy coalitions promoting different issues and corresponding solutions (Dougherty & Natow, 2015). Various advocacy coalitions include elected officials, government agency

personnel, interest groups, and researchers who promote issues and solutions (Jenkins-Smith et al., 2014; Sabatier & Weible, 2007).

When combined with the policy entrepreneurship perspective, intricacies of political dynamics are clarified by revealing the motives behind coalition formation (Mintrom & Norman, 2009). Political viability requires policy to be technically effective, fiscally realistic, ideologically acceptable, and unlikely to create backlash before proposals can be inserted into the political process (Kingdon, 1995; Mintrom & Norman, 2009). Political entrepreneurship in itself is limited however, as it is difficult to pinpoint where these ideas come from (Kingdon, 1995). Although actors can be identified, the overarching political momentum may come from a variety of outside influence including corporations, interest groups, and government agencies (Mintrom & Norman, 2009). Outside influence may also come from other states as emphasized in the policy diffusion perspective as well as theories of state and bureaucratic politics (Dougherty & Natow, 2015).

Policy diffusion perspective focuses on learning from state competition for economic resources, or to conform to national or regional standards (Berry & Berry, 2014; McLendon, Heller, & Young, 2005). While contiguous states often engage in policy diffusion, there is also evidence of increasing attention to the roles of non-contiguous states and other nations (Balla, 2001; Berry & Berry, 2014; Cohen-Vogel, Ingle, Levine & Spence, 2008; McLendon et al., 2005; Shipan and Volden, 2012). Policy diffusion theory further emphasizes the notion that other organizations within the same field have the tendency to converge on common structures and policies to confer legitimacy, address uncertainty, and conform to best practices in the field (Miller & Banaszak-Holl, 2005).

Though policy diffusion perspective is helpful in identifying where policy ideas come from, the theory of state and bureaucratic politics further emphasizes the role that state government actors play within their respective context. Theories of state and bureaucratic politics focus on the role of government agencies as powerful actors in their own right when pursuing concerns of their own such as increased revenue or greater autonomy from external controls (Carpenter, 2001). While government actors do not operate on their own and are influenced by external forces such as non-governmental interest groups, they can be key policy entrepreneurs in education (Carpenter, 2001; Dougherty, 1994). When considered as complementary, rather than mutually exclusive, varying theoretical perspectives found in policy studies can shed light on the origins of performance funding policies and implications for future development (Dougherty and Natow, 2015).

### **Conceptual Framework**

Research conducted thus far reveals that quantitative approaches have not been effective in understanding the reasons why performance funding policies succeeded or fail. And while lacking in breadth and depth, the qualitative evidence that exists points towards aspects of interwoven personal interests as indicators, rather than that of outcome-rewards based ideology. Considering the impetus behind performance based funding is more than just a financial basis for change, emphasis must be placed on how messaging is transferred between all actors across the policy spectrum. It is important therefore to examine the views of stakeholders' responsible for policy development, design, implementation, and execution at all levels of government and across the broad range of varying classifications of institutions throughout the state to glean further understanding of the rise and fall of the GRAD Act.

This study used a qualitative phenomenological approach framed on the aforementioned theories of policy design, policy implementation, and principal-agent relations. Policy design theory was used to identify strengths and weaknesses of financial incentives, persuasive communication, and capacity building. Using the top-down and bottom-up perspectives of policy implementation theory allowed for careful review of inadequacies in communication, expertise, and resources. Principal-agent theory was employed to further examine differences in goals, interests, and understanding that exist among stakeholders. Other relevant theories in policy research literature including the advocacy coalition framework, policy entrepreneurship perspective, policy diffusion analysis, and state and bureaucratic politics were considered as complementary to one another, to shed additional light on the implementation, development, and future of higher education funding policy in Louisiana and other states.



## CHAPTER 3

The purpose of this study was to analyze higher education stakeholders' perceptions of performance funding by examining the development, design, implementation, and execution of the GRAD Act. A qualitative study, using phenomenological methodology, was conducted amongst participants at the state and institutional level. Semi-structured recorded interviews were the primary source of data collection. The following sections outline details of the research design, participants, data collection, data analysis, role of the researcher, and ethical considerations.

The main research questions for this study were: 1) *What are the perceptions among higher education governing board administrators and legislators responsible for the design and development of the Louisiana GRAD Act at the state level?* and 2) *What are the perceptions among campus leaders and campus coordinators responsible for the implementation and execution of the Louisiana GRAD Act at the institutional level?*

### Research Design

A qualitative research design was best suited to address the research questions in this study, because it allowed for data collection that provided information about participant's experiences and perspectives (Creswell, 2009). Considering the problem set forth in this study, the disconnect between those who create performance based funding policy and those who are responsible for implementation, a focus on shared experiences was warranted. Although participants at the state and campus level may have different experiences based on their position and point of view, the focus of this study centered around the shared differences in those perceptions during the time period of the phenomena of interest. While perceptions varied among

participants, the shared experiences stemmed from the same occurrence. Thus, this study followed a qualitative approach using phenomenological research methodology and analysis.

Phenomenological research is based on the assumption that there is an essence to a shared experience (Patton, 2002). Edmund Husserl, who pioneered the concept of phenomenological research, asserted that “ultimately, all genuine, and, in particular, all scientific knowledge, rests on inner evidence: as far as such evidence extends, the concept of knowledge extends also” (1970, p.61). Moustakas (1994) explains that this process “involves a blending of what is really present with what is imagined as present from the vantage point of possible meanings; thus, a unity of the real and ideal” (p. 27). In accordance with phenomenological principles, scientific investigation is valid when knowledge is achieved through descriptions that make the understanding of meanings and essences of experiences possible (Moustakas, 1994).

Phenomenological methodology is derived from first-person reports of life experiences comprised of 4 interrelated processes including: 1.) the Epoche process 2.) phenomenological reduction 3.) imaginative variation, and 4.) synthesis of meanings and essences (Moustakas, 1994). The first process, the Epoche, a Greek word meaning to stay away or abstain, allows the researcher to set aside prejudgments, biases, and preconceived notions (Moustakas, 1994). The second process, phenomenological reduction, involves perceiving things just as one sees, not only as external objects, but also through internal consciousness (Moustakas, 1994). The third process, imaginative variation, tasks the researcher with seeking possibilities through utilizing the imagination, and approaching the phenomenon from varying perspectives, roles, and functions (Moustakas, 1994). The fourth process, synthesis of meanings and essences, involves combining textural and structural descriptions into an exposition of the experience of the phenomenon as a whole (Moustakas,1994). Following a phenomenological approach allowed the

researcher to methodically uncover truths surrounding the issue of what causes performance funding policy implementation to succeed or fail.

### **Participant Selection**

The participants in this phenomenological research study were chosen according to a practice labeled by Lincoln and Guba (1985) as *purposeful sampling*. Moustakas (1994) notes that while age, religion, ethnic and cultural factors, gender, and economic factors are general considerations for selecting research participants, the important delineation is that participants have experienced the phenomenon, are willing to participate in a lengthy interview, and grant the interviewer a right to tape record the interview and publish the data. As such, the subjects were selected based on their firsthand knowledge of the phenomena of interest, which in this study was that of those who were responsible for the development, design, implementation, and execution of state higher education policy while the GRAD Act was in effect.

Four types of participants were categorized for the study including system administrators, legislators, campus leaders, and campus coordinators. Leaders of higher education governing boards and state legislators were categorized as state level participants. Participants from institutions operating under the higher education governing boards were selected based on their professional status relative to the implementation and execution of the GRAD Act and were categorized as campus level participants.

**System Administrators.** Under the management of the Board of Regents, Louisiana's 38 colleges and universities are overseen by four governing boards or "systems" including the Louisiana State University System, University of Louisiana System, Southern University System and, Louisiana Community and Technical College System. Three of the participants served as system administrators while the GRAD Act was in effect.

**Legislators.** The Louisiana Legislature plays a major role in working with the governing boards on the development and design and drafting legislation that is ultimately signed into law. During the design and development of the GRAD Act, key members of the legislature were involved directly. Four of the participants served as legislators while the GRAD Act was in effect.

**Campus Leaders.** University and college chief executives including Presidents and Chancellors. Five of the participants served as campus leaders while the GRAD Act was in effect.

**Campus Coordinators.** Those responsible for implementation and reporting performance metrics at the campus level including chief academic officers, mid-level management and faculty. Three of the participants served as campus coordinators while the GRAD Act was in effect.

Although firsthand knowledge of the phenomena of interest and willingness to grant interviews was a primary consideration in selecting participants, general considerations of race, gender, socioeconomic factors, and geographic location were also employed to ensure a representative sample. Of the participants selected, two identified as non-white, and three identified as female. Of the institutions represented by campus leaders and campus coordinators, two were classified as public two year institutions, four were classified as public four year institutions, and two were classified as public research institutions. One of the public four year institutions was also classified as a historically black college and university (HBCU). As it relates to geographical diversity, two of the institutions were located in North Louisiana, two were located in Central Louisiana, and three were located in South Louisiana. Of the legislative participants, two represented institutions in North Louisiana, one represented institutions in

Central Louisiana, and one represented institutions in South Louisiana. System administrators selected for the study collectively represented each institutional type.

### **Recruitment Strategy**

Snowball, chain, and network sampling was used to recruit participants (Merriam, 2001). This strategy involved asking each participant to refer the researcher to other participants (Patton, 2002). The goal was to recruit 15-18 participants. However, the sample size was ultimately determined by the amount of data required to achieve *saturation* described by Morse (1994) as the repetition of discovered information and confirmation of previously collected data. With purposeful sampling in mind, and using a strategy of snowball, chain and network sampling, the researcher first contacted one participant in each of the categories listed above. Participants were contacted personally either face to face or by phone to gauge initial interest. Per recommendations by Bogdan and Bilken (1992) the researcher asked each participant about their official gatekeepers to respect protocol and ensure confidentiality. Appropriate gatekeepers were communicated with throughout the process. Participants then received a formal letter via their preferred method of delivery either mail, email, or in person. At the end of the interview, participants were asked for recommendations and the researcher used recommendations to contact additional participants as needed to broaden the sample.

To ensure diversity, while at the same time limiting the initial size of the base of participants, schools were tiered and categorized based on indicators such as state resource allocations, percentage of students receiving Pell Grants, performance since inception of the GRAD Act, and other metrics similar in variety. Both public two year and four year institutional classifications were considered as participants were recruited in tandem with varying designations, geographical locations, and socioeconomic differences outlined previously. At the

state level, legislators were selected based not only on their firsthand knowledge, but also on geographical location and diversity of institutions represented. At the campus level, participants from community and technical colleges, HBCU's, regional universities, and research institutions were selected as participants. System administrators were selected to ensure all classifications in the sample were represented at the state level. Saturation and diversity was achieved after the completion of the 12<sup>th</sup> interview. Three of the 12 participants served in dual roles during the time period studied, totaling 15 categorical perspectives and further diversifying the representative makeup of the sample.

### **Data Collection**

Phenomenological investigation involved an informal interactive interview process utilizing open ended questions and comments aimed at evoking a comprehensive account of the subjects' experience of the phenomena of interest (Moustakas, 1994). To obtain insight into the nuisances surrounding implementation of the GRAD Act, the researcher conducted face-to-face elite interviews as a means of data collection. According to Johnson and Joslyn (1995), elite interviews are a useful tool for researchers interested in an elite respondent's own interpretation of events or issues. All interviews were conducted in person with the exception of two interviews that were conducted face-to-face via Skype. Johnson and Joslyn (1995) further noted that a central determinant in ensuring success in this setting is clearly identifying the purpose of the study from its inception and ensuring confidentiality is maintained for all participants. Prior to the interview, each participant received a letter soliciting their voluntary participation and clearly outlining the research purpose, agenda, and assurance of confidentiality. An organized interview protocol was followed to ensure consistency, maintain confidentiality, and develop an opportunity for member checking and participant references.

## **Interview Protocol**

An organized protocol was used for each interview. Each interview was conducted in person using a set of 10 semi-structured questions adapted from Williams (2005) as set forth in Appendix C. These questions were established to guide each interview session, however each session varied based on the unique disposition of each respondent, and the direction of the conversation that arose from the questions. Before the interview began, the researcher built rapport with the interviewee by explaining the purpose of the study, refreshing the recollection of the phenomena of interest, obtaining consent, and ensuring confidentiality. The first question aimed to gauge the disposition of the interviewee and set the tone for the line of questioning. Although the order varied, all 10 interview questions were asked during each session. The interview protocol was referred to throughout the interview to keep pace and delineate between the intent of the questions. As suggested by Rivero Vergne, (as cited in Padilla-Diaz, 2015) skills that were employed during the interview include paraphrasing, clarification, summarizing, reflection of feelings and empathetic listening. To ensure precision and complete transcripts, each session was recorded using a digital recorder. Skype interviews were recorded using the digital recorder and the Skype recording function as backup. After each session, digital recordings were transcribed and delivered to the participants via their preferred method of mail, email, or in person to verify what they said was accurate and provide an opportunity to add or clarify responses. A follow up interview was offered as well. None of the participants opted for a follow up interview, however phone conversations with participants following the submission of transcripts were helpful in enhancing the value and credibility of the data. Additional information considered by the participants after the interview was included in the data and participants assisted in clarifying the meaning and intent of unique responses.

## **Data Analysis**

Qualitative data analysis is an ongoing process involving continual reflection about the data, asking analytical questions, and compiling memorandums throughout the study (Rossman and Rallis, 1998). Creswell (2009) indicates that qualitative data analysis is conducted concurrently with gathering data, making interpretations, and writing reports. He states that analysis involves collecting open-ended data, based on asking general questions and developing an analysis from the information supplied by the participants. Once the interviews and follow up conversations were completed, Moustakas (1994) method of analysis of phenomenological data was followed.

The first step involved the review of each statement relevant to the participant's experience. Each statement of the transcript was reviewed and included in a spreadsheet with each statement holding equal value to the relevancy of the phenomena of interest. Next, each nonrepetitive, non-overlapping statement was listed as invariant measuring unit of the experience. Using the phenomenological process of reduction, focus was placed on the meaning of each statement and a code was assigned to each statement to explain the phenomena. Third, the coded invariant measuring units were related and clustered into themes. Theoretical perspectives from the conceptual framework were considered as themes were developed. This practice assisted in bringing the research inquiry to light.

In the fourth step, invariant measuring units were synthesized into a description of the textures of the experience and included verbatim examples. The construction of these textural descriptions was developed into narrative form by combining themes and clusters to illuminate the experience of the participants. Sixth, a textural-structural description of the meaning and essences of the experiences was constructed. The researcher met with his committee chair to



review textural-structural descriptions and discuss findings. In the seventh and final step, the individual textural-structural descriptions reviewed by the researcher and committee chair were used to construct a composite of the meaning and essences of the experience for all participants in the group as a whole. The literature review and corresponding theoretical perspectives were utilized to unpack the findings and describe the phenomena. A spreadsheet was used at each step of the process to code and categorize themes and a digital document file was used to store notes throughout the process.

### **Role of the Researcher**

As is typical with interpretative research, this qualitative research involved a sustained and intensive experience with the participants. With the range of ethical and personal issues set forth by Locke, et. al. (2007) in mind, it is important for the researcher to identify reflexivity in biases, values, and personal background, that may shape their interpretations formed during the study. In addition, gaining entry to a research site and ethical issues that may arise are also elements of the researcher's role (Creswell, 2009). The role of the researcher in this study formed the basis of interest and played a major role in gaining initial entry to the research site.

The researcher has been serving as an institutional administrator since 2006 in the areas of alumni affairs, development, and government relations. The researcher is in contact with legislators and educational leaders across the state on a regular basis, especially during the legislative session. Throughout the rise and fall of the GRAD Act, the researcher witnessed firsthand the disconnect between those who are responsible for writing policy and those who have been charged with implementation. Conversations with stakeholders at each level and a subsequent in-depth literature review on this topic revealed the need for qualitative research

results to ensure those involved in future policy development consider the spectrum of communication required for efficient and effective practice.

Although relationships were important to gain initial access to participants, issues of biased, incomplete, or compromised data set forth by Glesne and Peshkin (1992) were addressed by employing multiple strategies of credibility, transferability, dependability and confirmability outlined in the next section on trustworthiness. Aside from gaining access, the experience of the researcher was important in understanding responses and clarifying remarks made by the participants. Because it was known to the participants that the researcher had higher education experience, there was less need to explain context and responses were efficiently conveyed. Dialogue was also relaxed as peer to peer, rather than that of an outsider with little to no understanding of the phenomena of interest.

### **Trustworthiness**

Research is trustworthy to the extent that there has been some accounting for validity and reliability (Merriam, 2001). Validity involves the checking of accuracy while reliability indicates the researcher's approach is consistent (Gibbs, 2007). For qualitative research, Lincoln and Guba (1985) suggest four components for establishing trustworthiness including credibility, transferability, dependability, and confirmability. The following section details how the researcher established trustworthiness of the data.

**Credibility.** Credibility is defined by Lincoln and Guba (1985) as “inquiry in such a way that the probability that findings will be found to be credible is enhanced” (p.296). Credibility allows for assurance in the certainty of findings. Lincoln and Guba (1985) outlined several techniques for establishing credibility including prolonged engagement, persistent observation, triangulation of data, peer debriefing, and member checking. For this study, credibility was

established through triangulation, peer debriefing, and member checking. Triangulation incorporates using multiple data sources to produce a deeper understanding of the phenomenon (Patton, 2002). The researcher engaged in triangulation by studying stakeholders in varying positions in higher education, in different geographical areas and at varying classes of institutions across the state. Peer debriefing is a process by which the researcher discusses the data analyses and process with a disinterested peer to test emerging themes for plausibility and check for implicit biases and assumptions (Lincoln & Guba, 1985). The researcher engaged in peer debriefing by discussing and developing emerging themes with an advisor. Lastly, member checking was employed by double checking each interview transcript to ensure obvious mistakes were not made during transcription and by sending the transcripts back to the participants to confirm accuracy. Follow up conversations with participants further added to the richness of the data as additional information considered after the interview was added and unique responses were clarified.

**Transferability.** Transferability refers to the generalization or applicability of the research findings to further contexts and situations (Lincoln & Guba, 1985). Transferability was achieved through the use of thick, rich descriptions to convey the results by providing background from the literature to bring the reader into the setting and context of the findings. Discrepant information was also characterized to illustrate any findings that were contrary to the shared experiences outlined in any of the themes or related subthemes. Descriptions and discrepancies can be found in Chapter 4. Discrepancies, including findings related to unintended consequences, are further discussed in Chapter 5.

**Dependability.** Dependability is the ability to show that findings are consistent if the researcher were to attempt to replicate this study. According to Lincoln and Guba (1985)

dependability can be assured by describing the research methods clearly and by providing detailed notes of the entire research process. Dependability was achieved through digital field notes to keep track of the research design, data analysis, findings, and any alterations to the study. As suggested by Miles and Huberman (1994) the researcher utilized the committee chair as an external auditor to review that the researcher's conclusions were supported by the data.

**Confirmability.** Confirmability is the degree of researcher neutrality and bias in the findings of the study. The researcher's biases and motivations should not shape the findings, but rather the participant's responses as guided by unbiased methodology and clarification of the role of the researcher. Bias clarification involved a self-reflection by the researcher to create an open and honest narrative that resonated with the reader. Coding techniques were monitored for accuracy, and a detailed study protocol and database was set up and utilized throughout the research to ensure accurate and up to date record keeping (Gibbs, 2007). Confirmability was further achieved through a digital audit trail kept by the researcher throughout the entire research process.

### **Ethical Considerations**

Ethical considerations were at the forefront of each step of data collection and analysis. Data collection methods were first reviewed and approved by the University of New Orleans Institutional Review Board. Other data collection considerations during this research included gaining access to participants through appropriate gatekeepers as noted by Creswell (2009) and protecting the privacy of participants as noted by Patton (2002). In data analysis, the researcher considered good ethical decision-making practices relating to the anonymity of the participants, proper discarding of data, and the accuracy of the interpretation of data as discussed by Creswell (2009).

The main ethical consideration for the study was the maintenance of participant confidentiality and the protection of data. The high profile nature of participants in this study made it imperative that confidentiality and protection of data was upheld. Gender neutral pseudonyms were used to protect the identity of the participants. Names of institutions were not listed, but rather institutional classifications. Participants were assured that the research would be presented as a whole rather than individually. Recordings were transferred to digital files on a personal computer used solely for this research. The computer is password protected and will be stored under lock and key along with participant consent forms.

### **Conclusion**

This phenomenological study examined stakeholders' perceptions of the Louisiana GRAD Act. The methodology and analysis that guided this study were grounded in qualitative research practices. A review of the literature and relevant theoretical perspectives were used to address the research question. This study sought an analysis of the shared experiences of stakeholders responsible for the design, development, implementation, and execution of the GRAD Act to offer potential solutions for the next phase of funding policy development in Louisiana.

## CHAPTER 4

### Findings

While the overarching concept of performance based funding seems simple, the design, implementation, and execution of these programs is complex and has been historically difficult to achieve (Shin, 2010). Louisiana's experiment with performance based funding began in 2010 and ended in 2016. This study sought to analyze higher education stakeholders' perceptions of performance based funding by examining the design, development, implementation, and execution of the Louisiana GRAD Act and offering potential solutions based on the findings.

The primary research questions were:

- What are the perceptions among higher education governing board administrators and legislators responsible for the design and development of the Louisiana GRAD Act at the state level?
- What are the perceptions among campus leaders and campus coordinators responsible for the implementation and execution of the Louisiana GRAD Act at the institutional level?

During the interviews, participants shared their experiences with the GRAD Act. In accordance with phenomenological principles, scientific investigation is valid when knowledge is achieved through descriptions that make the understanding of meanings and essences of experiences possible (Moustakas, 1994). Theoretical perspectives of policy design, policy implementation, and principal-agent relations were applied to understand and illuminate the shared experiences of the participants. Chapter 4 includes two sections. The first provides an overview of participants' classification at the state level as system administrators or legislators and at the institutional level as campus leaders or campus coordinators. If participants changed position during the 2010 to 2016 time period, a second classification is listed. Gender neutral pseudonyms were used to

protect anonymity. The second section sets forth an analysis of the themes and subthemes that were clustered during data analysis. Stakeholders' perceptions were categorized into four emergent themes: (1) Attractive Approach, (2) Design Versus Implementation, (3) Resource Allocation, and (4) Lasting Effects.

### **Participants**

12 participants were recruited and interviewed for the study during the Fall 2019 semester. Interviews were conducted face to face and lasted an average of 40 minutes. All participants were serving as a system administrator, legislator, campus leader, or campus coordinator between 2010 and 2016. Four participants were legislators, two participants were system administrators, three were campus leaders, and three were campus coordinators. Three participants changed roles during the time period studied and a second classification was designated. System administrators, campus leaders, campus coordinators, and legislators represented both public two year and four year institutions in different geographical regions.

Table 4.1 *Participant Classifications*

<b>Name</b>	<b>Classification</b>	<b>Classification 2</b>
Alex	Campus Coordinator	
Casey	Legislator	
Devyn	Campus Leader	
Emory	Campus Leader	System Administrator
Jordan	System Administrator	Campus Leader
Kerry	Campus Coordinator	
Landry	Legislator	
Marion	Campus Coordinator	
Quinn	System Administrator	Campus Leader
Riley	Legislator	
Sydney	Campus Leader	
Tracy	Legislator	

## Findings

This study analyzed higher education stakeholders' perceptions of performance funding by examining the design, development, implementation, and execution of the GRAD Act. The study provided an opportunity for higher education stakeholders to share their views about performance based funding, reflect on their personal experiences, and discuss the implications of the GRAD Act. Perceptions of the participants were categorized into four emergent themes: (1) Attractive Approach, (2) Design Versus Implementation, (3) Resource Allocation, and (4) Lasting Effects. Data analysis revealed that the stakeholders shared many experiences, however perspectives varied among participant classification.

### Attractive Approach

A predominant theme in this study is the perception that performance based funding is an attractive approach. Performance based funding was perceived by participants as a mutually beneficial practice that was good in concept. The practice of performance based funding seemed to provide a solution to the growing perception that higher education in Louisiana was inefficient and in need of reform. Stakeholders shared that performance based funding policies had the potential to hold higher education to a standard of accountability and offset perceptions of inefficiency. While participants agreed on the approach, there was a shared sense that certain elements of the policy environment had to exist to ensure sustainability. Three subthemes emerged from this theme including: (1) Performance Based Funding is Good in Concept, (2) Higher Education is Inefficient, and (3) Performance Based Funding is Needed for Accountability.

**Performance based funding is good in concept.** A shared perception among all of the participants was the idea that performance based funding is good in concept. This is consistent



with findings in the literature that reform is necessary to satisfy the demands of the legislature and the public for accountability, and the desire of the institutions to receive a tangible reward (Burke, 2002). With the economy in disarray, a mechanism by which both the public and institutions could benefit was perceived as a welcomed change (Mitchell, Leachman, & Masterson, 2017). The common progression among participants was a perceived mutual benefit, followed by a sense of optimism coupled with high expectations. As noted later, these perceptions were shared by participants initially, but changed as the GRAD Act progressed.

Objectively, the notion of being rewarded for performance is something that was viewed by participants as a medium under which all parties could benefit. Quinn stated, “from my position, performance based funding is really the best thing from the perspective of all constituents, be they the faculty, the administrators, the systems and of course, the taxpayer.” Jordan described performance funding as a “win-win-win” in which the “student wins, companies win, and industries win”. Nearly all participants perceived performance funding as a positive approach through which goals could be aligned with missions and stakeholders could share in mutual gain through a transparent public process.

The components of transparency and mutual benefit seemed to create a sense of optimism with many of the participants, citing the high expectations upon learning that the GRAD Act would be a requirement for resources and autonomy. A near unanimous number of the participants viewed the GRAD Act as an opportunity to reward success and incentivize productivity. Alex shared excitement stating: “I thought finally, when you do the hard work, when you do the research, when you do produce the results, you're going to get to the reward...I was very pleased, and I had high expectations.” Emory also had high hopes stating, “this is a great chance for us to get the resources that have held us back for some time and certainly get the

freedom to operate our business in a way we knew how best we could do it.” Emory’s reference to freedom is in light of the tuition authority, or lack thereof, granted to institutions by the Louisiana Legislature. Historically, Louisiana institutions did not have the authority to raise tuition without a two-thirds vote of the legislature. This freedom also refers to fees as institutions were effectively raising fees to offset lags in tuition and expectations that this practice might change were top priority. High expectations were coupled with a sense of excitement and healthy competition among the participants. Jordan illustrates, “if someone was doing it better than us, then shame on us for needing to catch up with them, so I believe the competition is good”. This sense of healthy competition was shared among all of the participants.

While high expectations were evident, and many participants agreed that performance funding was good in theory, the general sentiment was that certain conditions are required for the concept to be effective in practice. Emory summarizes the basics of these conditions stating:

I think performance based funding can be an effective tool, provided the performance metrics are aligned with your mission and the incentives created are aligned with achieving the performance metrics...combining resources and autonomy made it very attractive to me.

The inherent caveat in this statement shifted the conversation from concept to reality. Missions were vastly different when compared from school to school. As performance funding demands have increased, institutional missions have been narrowed to meet performance objectives further adding to the unintended consequences brought on by these policies (Dougherty et al., 2016a). Although there was initial optimism, issues with implementation seemed to resonate shortly after. As stated by Devyn, “conceptually, I think performance funding is a good thing,

but the problems come about from details and implementation.” For Alex, expectations turned to disappointment:

At the initial, when it was first brought out and when it was advertised, and it was the big news of the day people were really excited about it ... They're finally realizing that we have worked really hard. We've really sustained quality...and it fizzled out.”

Although participants agreed that performance based funding was good in concept, the underlying tone was that of missed opportunity in the case of Louisiana. As outlined in proceeding themes, the disconnect between design and implementation became evident as the policy progressed.

**Higher education is inefficient.** Another subtheme that arose with great frequency was the notion that higher education was perceived as inefficient. This response stemmed primarily from the question of why participants felt that performance funding was implemented in Louisiana. Participants unanimously shared the perception of a cultural shift occurring in higher education thought to be driven by criticism of historic practices and misalignment with modern workforce and economic development needs. Complaints about higher education that arose in the early 90s are the echoes of similar sentiments about the problems we, as a nation, face today which include admitting too many students, too few making it to graduation, permitting them to take too long to obtain a degree, and allowing them to graduate without equipping them with enough skill or knowledge to enter the workforce (Burke & Associates, 2002; Lively, 1992). Campus level participants shared the perception that the shift in culture was expedited by pressure placed on colleges and universities by governmental actors. Kerry remembers:

There were some pressures to make sure that, you know, there was a belief, I think, among some people in the legislature and in government that universities were not being careful with state money and that they weren't performing up to their optimum. Other institutional participants shared similar experiences indicating the perception was that higher education was “fat, overpaid, and lazy” and money was being “squandered and better spent somewhere else.” While many of the participants within higher education referred to these perceptions as coming from outside of higher education, others admitted that inefficiencies did in fact exist within the institutions. Jordan illustrates: “unfortunately, the elasticity of the culture of a college starts when folks are just like hey, look, it's just a job!” Kerry conceded that “there were probably some pockets of inefficiency around the state.” Regardless of whether the inefficiency was perceived as external or internal, all participants agreed that it existed at some level.

While campus level participants acknowledge inefficiencies, they characterized outside perspectives as unfair and out of proportion, claiming they were built largely on soundbites that were taken out of context. This outside perspective is evident as Tracy shared about the legislature hearing of “programs with 600 students and a graduation rate of 1%” and Casey mentioning “horror stories” about “professors making a couple hundred thousand dollars year and teaching only four hours.” This notion of inefficiency was tied to a number of examples cited by participants including low graduation rates, high salaries, low faculty to student ratios, inadequate SREB rankings, and duplication of programs.

Perceptions of inefficiency were also based on the needs of the workforce and economic development. For institutional participants, there was an increasing awareness that preparing students to enter the workforce was an expectation. For legislative participants, it was a needed

shift away from the perception that the institutions were out of touch with the requirements of the workforce. Tracy shares:

I think it was a general mood in the legislature at this time that education is more than teaching students what the professors think they need to know. The bottom line is, can they can they can they get a good job when they graduate?

The drive for workforce development went beyond the legislature as participants shared that business leaders, along with special interest coalitions, showed increasing concern for work ready outcomes. Casey remembers:

The business community like LABI and some of the other business groups. They have been in there fighting to see that passed, too, because they want to see higher ed succeed and to make Louisiana more attractive to for economic development.

The general consensus was that messaging shifted to increasing credentials and improving research income and partnerships with the community or economic development agencies. Participants tended to agree that the lack of focus on performance and outcomes that had historically been associated with higher education was in need of remediation.

**Performance based funding is needed for accountability.** Another subtheme was centered around the idea that performance based funding is needed for accountability in higher education. Participants referred to the need for accountability as a way to preserve institutional reputation, create a sense of urgency, shift to market driven tactics, and produce tangible returns on investment. Higher education participants all shared in the belief that institutions had a duty to uphold the “value” and “integrity” of higher education. Legislative participants also shared in this belief but added that the responsibility is to the taxpayers to ensure funds are invested in a way that produces results. This is consistent with the literature as these issues grew larger, state

elected officials faced increasing demands from both the public, due to growing concerns of tuition costs, and from the private sector, to increase efficiencies in higher education, to improve the quality of graduates, lower the costs of government provisions, and reduce taxes (Murphy, 2009). Participants who previously indicated that institutional reputations were tarnished by the perceptions of inefficiency, indicated that performance funding was a way to stem the tide. The realization of the necessity to shift the culture away from the historic norm was shared among the participants. Alex stated: “it’s no longer the 60’s and 70’s where the institutions were in an ivory tower and funding was guaranteed.” For Alex, “education should be a value added, not a value expected”. Participants shared this view referencing the historical reputation of higher education and regarding the GRAD Act as an effort to show that higher education would be held accountable.

Several participants shared the feeling that the GRAD Act had the potential to create a sense of urgency in higher education and thus expedite the shift in culture. Participants felt that this sense of urgency could come from fear or motivation. Marion referred to the element of fear stating, “I think that was scary at first, especially for administrators... putting a magnifying glass on you and comparing you around the state.” Fear was cited by participants as an initial reaction but saw the increased call for accountability as an opportunity to motivate productivity through performance incentives. Emory explains, “I think it helped us provide an incentive to faculty and staff who would say, you know what, they're cutting our budget why should we be working, why should we be doing more with less?” Alex noted that “performance based funding prevents institutions and mindsets to lapse into complacency and entitlement.” Participants shared that regardless of the intention, tying funding to performance was an opportunity to motivate faculty and staff.

While the shift in culture and corresponding sense of urgency were regarded as products of performance based funding, factors dictated by the market were viewed as stand-alone and simply brought to the forefront by policy. The ability to raise tuition was viewed as a factor that could be dictated by the market. Landry argued that the legislature should not be in the business of controlling tuition stating:

The institutions know what their market is, and I think I would defer to the leaders of the institutions individually to determine those factors letting the market dictate action...I think we should loosen the strings and let them go and some will make mistakes...and then they'll fix it.

This measure of accountability was considered a natural way to adjust for marketplace capacity not necessitated by the GRAD Act. As Emory explains, “If students are coming to us in droves and increasing numbers and our graduates are valued in the marketplace, that no bureaucratic traditional measure associated with the GRAD Act could measure up with that.” The ability of the institutions to control their own tuition was considered a necessity, but only connected to performance funded in the sense that it was not previously allowed in Louisiana without legislative approval.

Regardless of whether performance funding came in the form of policy that dictated action, or from market driven adjustments, participants agreed that a tangible return on investment was necessary for true accountability. Casey put it simply recalling the view of the legislature, “the universities needed money and we needed results.” Campus level participants agreed that results needed to be quantified. Sydney explains:

We had to demonstrate that new investments were paying off for the state so that there was something, so that the presentations to the legislature were consistent over a decade.

Here's where we are. This is what you've invested. This is the progress we've made.

Participants shared that the return on investment needed to be shown to the legislature, but more importantly to the students. Participants shared the concern for student outcomes was primarily because of rising tuition costs. Alex explains:

And with students, at least in Louisiana paying seventy five percent of the cost of higher education, we need to be able to point to data and point to results and point to information that shows that the three to five to six years that they paid for or whomever they paid for or what they went into debt for is really tangible.

For Jordan, the GRAD Act allowed the institutions to be able to show what they could do and how they could bring about “an exponential return on the investment for students beyond graduation.” Kerry stated “in order to produce students who were ready to go into the workforce, we needed to be held to a great standard of accountability.” This is consistent with findings in the literature citing the lack of external pressure on institutions to improve student success and the importance of establishing incentives for student outcomes rather than traditional measures such as enrollment (Perna & Finney, 2014).

### **Design Versus Implementation**

The second overarching theme was stakeholder’s perception of design versus implementation. This finding aligns with previous studies suggesting that perceptions of performance funding depend largely on the aspect of the process being discussed, and by whom, as government officials tend to emphasize notions of transparency, accountability and efficiency, while campus officials are concerned with means, implementation, and sustainability (Dougherty



& Natow, 2015). This theme unpacks the issues that arose during the early stages of the process noting ultimately that the GRAD Act was not implemented as designed. The subthemes for this theme are (1) Political in Nature (2) Poor Development (3) One Size Does Not Fit All (4)

#### Campus Wide Communication

**Political in nature.** Stakeholders unanimously noted the political nature of the GRAD Act, citing lack of communication as a common thread throughout the process. Nearly all participants felt that the GRAD Act was set forth by an elite few with little consideration as to how the policy would affect the diverse system of higher education in Louisiana. Legislative participants indicated that once the agenda of the Jindal administration was set, passage of the bill was not a difficult process. Tracy explains:

This may surprise you, but most of the legislatures, legislators I knew when I was down there, didn't read the bills. Some would not even read their own bills. Of course, Act 741 was a bill the governor wanted; the speaker wanted. Being Tucker's bill, it was probably going to pass in some fashion. You vote against the speaker's bill very carefully!"

Casey also remembered the ease of passage indicating "it went just like a typical bill; it didn't have much trouble in the committee because the governor pitched it hard." Casey further indicated that "at the end of the day, you get a vote, and everyone moves on to the next bill and forgets about the last." The perception that the GRAD Act was passed as a priority of the governor with little consideration was perceived as the starting point of issues that arose later in the implementation process.

Even among legislative participants, there was a perceived lack of communication and concern about real world application. Riley felt that the lack of communication was based on party affiliation, sharing:

You've got to factor in that this is during the Jindal administration so a lot of what they did was not publicly discussed or disseminated. A lot of it was, you know, quite frankly, you know, in rooms that I certainly was not a part of.

For Riley, this practice was typical of the Jindal administration and was reflected in a number of policies implemented during the tenure. Landry stated, "I don't think the legislature should be in the business of setting tuition" and remembered as a new legislator, "I got elected, got placed on a committee, and didn't have any educational background at all." For Landry and others new to the legislature, it was assumed that the policy had been properly designed to meet the needs of all stakeholders. This type of enactment led many of the participants to feel that the legislature was concerned only with optics and that higher education did not have an opportunity to provide meaningful input.

Campus leaders and coordinators felt that there was a disconnect between the legislature and the institutions. Devyn remembers: "It was almost like a knee jerk to forces at play in the legislature and the Jindal administration". Alex recounts:

When it first came out, the GRAD Act, the very first reaction was 'here goes the legislature again. What do they know? Why are they doing this?' Because there were budget hearings and I vividly remember going to budget hearings and scratching my head about why are they asking about that? They need to be asking about more substantive things.

The shared experience among all campus stakeholders was the feeling that there should have been a structured process by which the legislature sought input from the institutions. This is consistent with findings in the literature as historical approaches to performance funding reveal that widespread participation and buy in from stakeholders is a common theme among successful

programs (Dumont, 1980). In a recent compilation of in-depth research across the states of modern approaches to performance funding, it was concluded that evidence on the implementation and impact of prior policy should be considered when making decisions about future development, as well as the political and economic environment in which the policy is formed (Dougherty et al., 2016b). This belief was based on the notion that the legislature did not understand the intricacies of higher education. Kerry explains:

We felt like that maybe people in the legislature didn't fully understand that even though a faculty member may only teach four classes a term or five classes a term, there's a whole lot of work that goes on to prep those lectures and or through teaching online to go in and create an online course shell, that's a lot of time that faculty spend that oftentimes doesn't get factored into this equation.

For Kerry and other campus level participants, there was never an opportunity for a seat at the table and a feeling that the lack of involvement was simply part of the legislative strategy.

In addition to the political nature of the passage and perceived legislative disconnect, participants shared that the process was centered around bureaucracy as a means to shift ideals and align with a national political agenda. Emory shared “it was used to obscure the disinvestment in higher education that was driven by political expedience.” This is consistent with the findings by Hillman, Tandberg, & Gross (2014), that “the pursuit of accountability can be elusive when policy makers and campus leaders disagree on the terms, strategies and conditions for measuring success” (p. 829). Emory felt hamstrung by the bureaucratic entanglements that surrounded the operation. Sydney shared Emory’s sentiment remembering:

They had pages and pages of regulations and reporting and that kind of over bureaucratized it, in my opinion. So we just shifted one sort of bureaucracies, to another

sort of bureaucratic framework, or I'm not sure we shifted, we just added more bureaucracy.

For Sydney, it never became part of the culture; it became just a bureaucratic responsibility. This is consistent with findings in the literature that performance funding policies limit campus level autonomy due to overlaid government arrangements (Rutherford & Rabovsky, 2014). As campus leaders and coordinators began to develop baselines and prepare reporting structures, issues with development began to arise soon thereafter.

**Poor development.** As a result of the political nature of the GRAD Act design, participants cited a number of issues that arose shortly after the enactment of the policy. Nearly all participants indicated that the GRAD Act requirements were “vague” and “unclear”. Referring to policies enacted under the Jindal administration, Riley characterized the GRAD Act as:

Some of that same kind of policy making...there were broad brushes, but the fine details were not always very well thought out. And once implementation was started, then we all began to realize just how much had been left out of all of these big ideas.

There was a shared sense among all campus leaders and coordinators that they were a lot of moving parts and they were trying to figure it out as it came. Institutional participants felt that the lack of specificity led stakeholders to define performance from a variety of perspectives. Devyn remembers this as one of the major implementation issues, stating:

You can debate in an infinite number of ways what the definition of performance ought to be. But the definition of funding is probably a little more easily agreed upon. And that is that's what you what you actually have to work with in terms of resources. And that's kind of where the GRAD Act fell apart.

This is consistent with findings in the literature suggesting that performance based funding ideology creates a disconnect in communication ranging from state coordinating officials to academics responsible for the actual education to the students (Shin, 2010). Devyn remembers: “It was like putting a bunch of people in a room, turning off the lights and tell them to find the door and holler fire.” There was this shared sense of confusion among the institution level participants.

Participants also reported feelings of “skepticism and apprehension.” Kerry described a mix of emotions stating that fear existed due to the extreme pressure:

I think there was some real fear about it because, you know, there was so much pressure and so much was riding on it. There wasn't a lot of time to sit and reflect about it because we were under so much pressure to pull the data, analyze the data and work to make sure we aligned with the requirements of the GRAD Act.

The sense that the GRAD Act requirements were “too much, too soon” was shared among the participants. Participants remembered the experience as “frustrating, intense, and high stakes.” The pressure of the requirements was amplified by the concurrent cuts to higher education budgets which further escalated the severity of the timing.

For nearly all of the participants, there was an underlying sense of hope that “things would turn around.” Many institutional participants felt that things would change, and the government would find a way to restore funding as they had in past crises. Quinn recalls, “one of our biggest errors is that we thought they won’t continue to cut higher ed.” For Marion, this sentiment was shared among long standing colleagues, stating “the people that had been here forever were just not accepting of the fact that things are going to change.” Sydney felt that the

shared feeling that things would return to normal was due to the ever changing dialogue. Sydney summarizes the experience:

I think it was well intentioned, but it wasn't implemented according to the intentions, it was implemented for something else. You know, the language is nuance too, when this was first being talked about, it was incentive funding. So incentive funding means to encourage you to do so. Then when you shift to performance funding, that's an evaluation sort of thing. And then if you overregulated, it's punitive. So it's shifted from a positive thing to a we don't want to get punished thing. And those are two different approaches.

The confusion among the approaches was shared by the participants. As the cuts to higher education continued, and the performance metrics seemed to become increasingly complicated, participants began to realize that the historic ebbs and flows in funding may not shift upward as soon as was needed to assume regular operations.

**One size does not fit all.** All participants shared their experience as it related to issues of equitable design of the GRAD Act policy. Campus level stakeholders expressed concerns about differences in mission, geographic location, and socioeconomic factors, while governmental stakeholders viewed the GRAD Act as a means to compare institutions to their peers. Regardless of the stakeholder classification, the lack of diversity in the policy created issues that impeded success. This is consistent with findings in the literature that obstacles were created by inappropriate funding measures in states where performance funding policies did not account for the different classifications of institutions made to adhere to the mandates (Pheatt et al., 2014).

At the campus level, presidents and institutional administrators shared their experience as being improperly classified. Alex explains:

There were institutions that had vastly different missions, vastly different admissions requirements, vastly different demographics, vastly different funding structures answering to the same indicator where you had a two year urban institution and a level one research institution being measured on the same indicator. And I think that meted out a certain disadvantage to both ends of that spectrum.

Campus leaders shared concerns about compromising the integrity of their mission to meet performance standards. As shared by Alex, the concerns varied by institution. Campus leaders at institutions serving large populations of students of lower socioeconomic status felt that they were already at a disadvantage and that GRAD Act did not account for these issues. Kerry shares:

Let's face it, retention of students who are in poverty or who work full time or who have some academic issues, you know, that that takes a lot of resources to help those that those students persist. And I think sometimes with performance based funding, that is not always factored in.

For HBCU's, the concern was even greater due to lower numbers of students receiving TOPS and the increased debt load that students would incur because of increases in tuition without any corresponding aid package that would track the increase. Riley felt that it was clear from the start that HBCU's and other limited resource institutions would be disproportionately burdened. For community colleges, issues of inequity arose as it relates to certificate programs and workforce training that was not measured.

For legislative stakeholders, the standard requirements of the GRAD Act were considered as a means to compare performance across the board. Tracy shared "I think you have to have a general set of requirements that all institutions have to meet. You know, people are compared to

your peers all the time. And again, it's public money.” This idea ties back to the perception by the public that higher education is inefficient and in need of reform. Casey indicated that issues of inequity were evident shortly after implementation as the legislature began to hear complaints about fairness and inequity. Casey stated: “You can’t be everything to everybody, and so you end up being mediocre in everything.” Participants shared that efforts to adjust the policy requirements along the way cured some of the issues, but changes were perceived to have a negative impact on the intended results.

**Campus wide communication.** Despite issues of politics, initial development, and equity, participants at the campus level indicated that the GRAD Act requirements were promoted campus wide. For institutional leaders, the need for buy in was apparent from the start if they were going to change the culture and ensure the requirements were met. This practice is consistent with the policy design perspective of persuasive communication, where administrative agencies engage in persuasive activities intended to convince those directly affected that public policies are reasonable, necessary, and socially beneficial to promote understanding and gain buy-in and consent from stakeholders (Rutschow et al., 2011).

Participants reported a wide variety of strategies, including sending out messages directly to faculty and staff, holding faculty and staff forums, explaining new programs, providing performance updates, and working directly with students to ensure success. For institutional leaders, this was viewed as an opportunity to excite the campus and showcase success. To adjust for performance, institutional leaders reported that meetings at the cabinet level increased. Quinn indicated, “the increase in communication among top level administrators was important to offset perception and make difficult decisions about consolidation of vice presidents and



colleges.” Participants felt that increased communications assisted with buy-in and illustrated any returns on investment. Marion remembers:

If it was really good, we'd get the president send it out and say, I want to thank the whole campus for making these impacts, for giving us these autonomies, for trying to spread the word of what it brought back to us.

Participants shared that campus wide communication was not limited to faculty and staff, but also included the students. Kerry remembers, “we started to hold meetings with students in each college and each department about their major to make sure that they understood different majors and which degrees would lead to which career paths.” Participants indicated that increased levels of communication brought the university community together to work around common goals. While participants reported that campus wide communication was widespread and positive in nature, the changing dialogue and lack of resources discussed in the next section ultimately negated any momentum gained by the unity of the campus stakeholders.

### **Resource Allocation**

The third major theme is resource allocation. As the GRAD Act developed, participants experienced a number of issues related to the allocation of resources. This theme illustrates the financial issues that arose after implementation and led ultimately to the key decision to repeal the GRAD Act. Insufficient resource allocation is cited widely in the literature as an obstacle to institutional responses to performance funding (Dougherty et al., 2016; Honig, 2006; Pheatt et al., 2014; Reddy et al., 2014). The subthemes for this section are (1) Tuition Swap, (2) Not True Performance Based Funding, (3) No Rewards, and (4) Other Factors at Play.

**Tuition swap.** Nearly all participants referred to a shift in state funding from state appropriations to private funding sources, namely tuition. As is often heard in conversations

about funding for higher education, the participants referenced estimated figures to illustrate the magnitude of the shift such as “two-thirds” or “80/20” or 75/25”. In all cases the shift in funding was referenced by participants as a scenario in which the ratio has proportionately flipped from state sources to private sources.

The practice of reducing state funding as a means to offset the tuition increases granted by the GRAD Act became known as “tuition swap”. Sydney provided some insight into the practice:

The game that got played in Louisiana is TOPS used to be a separate appropriation in higher ed. And they cut us in face of this means of everything and they rolled the TOPS expenditures into the base of higher ed and pretended that they had maintained effort, got the federal dollars and then backed out the state money and replaced it with that.

While Sydney elaborated on some of the components, Quinn put it more succinctly stating, “when you don’t get more money, and you keep getting costs, it’s cuts”. Devyn took it a step further stating, “it was the world’s greatest example of bait and switch”. Many of the participants reflected on the realization of this practice as the point at which momentum began to decline. Devyn remembers that “after tuition swap became evident, it became difficult to keep people motivated and keep any sense of morale on campus”. As time went on, participants experienced reductions to travel budgets, the inability to provide merit raises and a general sense that regular operations had shifted to survival tactics.

While the effects of tuition swap presented obstacle to the institutions, participants shared the realization that survival of the institutions would come at the expenses of their students.

Emory remembers:

The skepticism started to emerge when we got the increased budget authority on tuition and then they took a like amount from our state funding, which meant there was no there were no resources and the autonomy was limited.

Institutional stakeholders found themselves in a predicament having the choose between increasing tuition or realizing cuts that would result in further structural changes. Marion states:

I think the reality for us that tuition was going to have to raise was a hard pill to swallow because we knew we'd be putting the burden on the students when we full well knew that students couldn't afford that in case.

Quinn noted that not only are the universities taking students for tuition, they are simultaneously taking students who are not prepared. As the burden shifted to the students, and the institutions struggled to keep up, tuition swap became a topic that would later be characterized as the moment when distrust between the government, the institutions, and the public began.

**Not true performance based funding.** Participants noted in a number of ways that the GRAD Act evolved into a practice that was not considered true performance based funding. The shared perception was that true performance based funding would have resulted in increased difficulty for institutions to meet the goals, feedback for continuous improvement, and incentives for maintained involvement. As it pertains to the difficulty of institutions to meet goals, participants were either aware of the fact that only two institutions failed to meet the GRAD Act standards or remember that “very few if any” institutions failed to meet the standards. Casey complained “there were never any penalties because they set the goals at level such that everyone could succeed.” For Casey and other legislative participants, there would have been distinctions among higher performing institutions and the results would have driven growth. Many of the institutional participants saw it as a strategy to meet the minimum standards to

receive resources and autonomy, but also leave room to “survive” the process. Several participants shared that baseline data was strategically established to allow for fluctuations.

As the GRAD Act progresses, participants shared concerns about long term viability due to the lack of feedback and growing concerns about resource sustainability. There was a shared perception that there was never any intention to provide feedback, the process was simply a way to reshape funding for higher education. Alex remembers:

There was no feedback. Feedback is essential when you're doing that kind of transformative process. When you implement or when you announce that kind of transformative process, you need to have monitoring. But the important thing is the feedback and the growth potential and all we got out of it was monitoring.

For Alex and other participants, the GRAD Act was seen as more of an educational conceptual shift away from budget expectations rather than budget earnings. Participants viewed the ultimate purpose of the GRAD Act as a mechanism by which traditional budgeting expectations were changed. The shift was initially viewed as a way to replace budget expectations with earnings, but as the earning did not materialize, the shift impacted expectations in the sense that funding has simply decreased without a clear plan to replace these resources. Many participants felt that it lacked the components of a strategic plan because the goals frequently changed, and the means of financing was uncertain. The lack of actual rewards further complicated the process by removing the heavily promoted aspect of incentives.

**No rewards.** Participants indicated that as the GRAD Act progressed, there were simply no rewards. Rewards were to come in the form of resources and autonomy; however all institutional respondents shared the perception that neither materialized. This was especially disheartening for intuitions who ranked high among their peers. Alex laments:

If you were already doing really well, there was no reward. If you started at the top, and you had high expectations to improve, you still did not. And that comes from personal experience. We were exceeding most of the state's institutions. So what? And if you're already exceeding everybody's expectations, the disappointment with us was we should be getting performance based funding for achieving what we're doing and maintaining and exceeding. But it did not happen.

For Alex, “it wasn't a constructive experience, it was ok, let's make sure we either maintain or don't decrease, it really did become a game.” For institutions that ranked in the middle to lower end of the performance, there was a perception that there were actually negative rewards. While this was assumed to be true of the institutions that did not meet the benchmarks, it was not as evident for the institutions that performed in the middle. Quinn explains “there were negative rewards because you didn't have as many students that maybe could have been remediated.” The lack of realization of any tangible resources was shared by the participants. Participants shared that the GRAD Act was ultimately viewed as a mechanism by which the institutions could sustain resources rather than receive anything in addition to that which could be recovered by granted autonomy.

The lack of equitable treatment, constructive feedback, and actual rewards led many of the participants to feel that their efforts were futile. Nearly all participants reported a loss of interest at the institutional level. Kerry remembered:

The GRAD Act kind of drew itself into becoming maybe four or five of us that did it every year. And it was, oh, no, here we go, the Grad Act is due. And that is such a shame because it had the potential and it had I'm sure it had the intent to be truly performance based funding, not just show the figures and go.

Alex remembers: “it got to the point where some of us would sit and say I wonder if anybody reads this.” Participants shared that as the GRAD Act progressed, less emphasis was placed on exceeding the standards because there were no incentives. Sydney states: “it wasn’t really an incentive, it was survival.” As survival set in, so did the tactics. Participants remember shifting their focus to consider new paths of sustainability as it became evident that the GRAD Act was not implemented as designed and increasingly apparent that state funding may never return to previous levels.

**Other factors at play.** Participants shared that the GRAD Act came at a time when other factors amplified the inability to succeed, namely the national recession of 2008. This is consistent with findings in the literature indicating that institutions across the country found it difficult to fund new programs and support student improvement initiatives in the wake of the economic crisis (Pheatt et al., 2014). Participants felt that higher education in Louisiana especially felt the impact of the economic downturn as shifts to closed admissions were also underway and institutions had not recovered fully from subsequent enrollment declines. As the GRAD Act progressed alongside the cuts to higher education, campus leaders shared difficulties with long term planning amid these superseding factors. Marion explains:

You could only plan for the next six months because you didn't know whether there would be a mid-year cut so there's no way you can develop a three year, a five year strategy plan for the institution when you don't know six months from now whether you'll have the money you need just to meet your current needs.”

The shared experience of the stakeholders was that they we're expected to meet a higher standard without the means by which to get there. Riley laments:

You've actually made it more difficult for us to get there because you cut our funding, we have fewer students, there are all these things that come into play at the same time that make it virtually impossible to be able to meet the requirements.

Institutional leaders felt they had to show the public that they were “leaner”, but they were already experiencing cuts prior to the onset of expectations. In essence, institutions were already “lean”, but were expected to do more with less, despite the fact that the extent of what less actually meant was not clear to the public. This lack of resources and resulting concern is heightened alongside findings in the literature that faculty felt that funding variations limit their professional autonomy and weakens academic standards (Lahr et al., 2014). Campus level participants felt that they were in an impossible situation where expectations did not match resource availability.

In addition to the effects of the recession, campus leaders referred to compounding issues of student socioeconomic status. Riley explains:

So there's this financial strain that is now being placed on students at the same time that schools have less resources and the bar is being raised so that all of these things happening at the same time that I don't think really complemented the stated goal of a better outcome.

While student socioeconomic status was felt across the board due to increasing cost of attendance, participants from institutions serving larger populations of lower income students felt that they were at a greater disadvantage. Kerry shared:

The whole notion of people coming from these backgrounds where they're not fully prepared. There's, you know, there are socioeconomic issues. There are a lot of things

that I think that, you know, our rural schools, particularly serving the students we serve, we have challenges that, you know, a Tier 1 school doesn't have.

Participants shared concerns about the increasing need to investigate student concerns and the resources needed to assist students with personal issues so they could focus on their education.

Marion shared:

We have a poor student body; we have a high percentage of Pell. We have a lot of first generation students. If we think our students have a problem like teen mothers, just you know, we have too many students who need daycare, lets research it.

Participants shared a sense of responsibility to keep students in school. This responsibility was brought on initially by the pressures of retention, but as time progressed, as a duty to assist students who had to increasingly bear the burden of increases in tuition.

### **Lasting Effects**

The final theme that emerged is the lasting effects of the GRAD Act policy. While the actual effects of the GRAD Act had on institutional performance is an ongoing debate, there are several lasting effects that were shared among the participants. Despite not having the adequate resources to succeed under the GRAD Act, institutions were able to adapt to take advantage of opportunities and change standards long term. The subthemes for this section are (1) Enhance Role of Community and Technical Colleges, (2) Focus on Student Success, (3) Data Became Relevant, and (4) Increased Performance Awareness.

**Enhanced role of community and technical colleges.** One of the lasting effects of the GRAD Act is the enhanced role of the community and technical colleges. As noted in the literature, there is mixed evidence on the effect of performance funding on community and technical colleges (Jones, 2013; Tandberg & Hillman, 2013). The dividing theme, however, is



the involvement of the community and technical college system in the design of performance funding policy and the alignment of metrics with workforce goals (Nisson, 2003; Krueger, 2013). In Louisiana, this involvement was expressed through the inclusion of articulation and transfer agreements and workforce development as performance metrics. While a few participants shared that there was “angst” and “tension” surrounding perceived competition between the community and technical colleges and the four year institutions, a near unanimous number of participants saw an opportunity for mutual benefit. Legislators viewed the community and technical colleges as a model of efficiency. Landry explains:

You can look at other states that have community colleges and are fairly successful. They tend to be less expensive and it's easier for kids to get started and, you know, to go in and figure out which way you want to go...the successes at a community college that was absolutely communicated to us. And I guess the general theme was something's working. So let's keep going this route.

Landry felt that the four year institutions could learn from the community and technical colleges. For Tracy, the community and technical colleges had a different role than the four year institutions. Tracy explains:

Four year universities should not be chasing students for associate degrees. Especially if they have to provide remedial education so they can get an associate degree if there is a community or technical college within a decent driving distance.

Tracy cited the number of community and technical colleges within a short driving distance of four year institutions and indicated that fellow legislators were inclined to agree. While Riley agreed with the efficiencies, there was an underlying agenda by which community and technical college leaders were taking advantage of the rhetoric stating, “there was this strategy pursued

that, well, you don't need a four year degree, the available jobs are there for two years.” While the exact genesis of the concept is debatable, the idea that there were efficiencies to be gleaned was generally agreed upon.

With a shared sense of efficiencies in mind and benchmarks to meet, participants shared that opportunity arose naturally. This was especially evident in quotes from Casey and Marion. Casey states:

So the idea was we had all these people that wanted a four year degree, except they weren't prepared because the high schools were turning out unprepared people. Still are.

So the idea was you put them through the community college first like a portal.

Casey spoke from the legislative perspective that there is a role for the community college prior to entering the four year institutions and saw them as partners. Marion spoke from the four year perspective looking for students after their time at the community college and also seeing them as partners. Marion states:

The state at the same time was telling us we couldn't teach remedials, but yet we knew what our student body was, a lot not prepared, so it became a let's work with our local community college and they take the remedials there and many more these pilots that they can be counted as college level.

What followed these types of interactions was the development of articulation and transfer agreements between the community and technical colleges and the four year institutions. For Kerry and other institutional administrators, GRAD Act success was dependent on these relationships.

The community and technical colleges saw this as a means to not only succeed under GRAD Act requirements, but also to change the image of the community and technical colleges.

Jordan shared excitement for the opportunity stating:

Let's provide as many graduates as can, enrolling as many as we can, as retaining as many as we can, placing as many as we can. And we're going to be rewarded like any of these other systems!"

For Jordan, the GRAD Act legislation was “one of those first big events where LCTCS was seen as an equal partner.” Emory shared Jordan’s enthusiasm and shared success stories of community and technical colleges across the state that had been static for years and soon realized unprecedented enrollment growth, with some growing at rates faster than their regional and national peers. The shared perception was that the community and technical colleges were needed as partners for the four years institutions, but also had an opportunity to grow at a higher rate.

**Focus on student success.** Another lasting effect of the GRAD Act is the focus on student success. Campus leaders and campus administrators unanimously shared that the retention elements of the GRAD Act led their institutions to place a greater focus on success, especially in the classroom. Kerry shared that their institution was committed to not losing a single student and there was a tremendous amount of high touch activity, explaining:

We were emailing students, calling students, making sure they were enrolled, if their five week grades and their midterm grades didn't appear to be going in the right direction, we would first start with the advisor and then if the student didn't contact the advisor, the dean would write a note to the student and I would write a note to follow up.

Participants shared that the extent to which they were willing to go went beyond follow up and became personal in nature. Kerry referred to the personal and urgent aspect of retention as “intrusive advising” when colleagues would really reach out to those students and try to analyze the particular needs.

There was a shared sense among the participants that if the institutions did not get directly involved, the retention and enrollment numbers would not change. Kerry talked about ways advising could evolve to meet the needs of every student, sharing an example:

We brought the athletic people to the table. Why are athletes retained? They have a coach watching them, who's holding them accountable. They want to stay eligible. They have this support system of their teammates. What could we take from that and put in into practice?

This level of personal support led to campuses to make decisions that ensured student support was available year round. These changes were made in spite of institutions not having the resources to implement these changes, it was viewed as a shift in priorities to meet the goals. Participants reported that spikes in student focus would historically occur around accreditation visits, but the requirements of the GRAD act made student success a lasting element. Some participants reported that orientation centers and entire student success divisions were established to enhance the focus. Participants shared that these practices continued throughout GRAD Act and are still in place at their institutions.

**Data became relevant.** The relevance of data was another subtheme that the participants perceived as a lasting effect of the GRAD Act. Prior to the GRAD Act, participants reported that data collection was simply a matter of record keeping. However, all institutional level

participants began to experience a sense of urgency when it became evident that setting accurate benchmarks would be key to ensuring success. Marion states:

When it now becomes part of survival, literally, that I think it made the whole campus pay more attention to the data we had been providing for years, because now it had dollars tied to it. It just brought it to light even more because we had to be focused on these particular things and not wait to see what our numbers are going to be and try to have some forethought driving the numbers in the right direction.

Jordan added to this sentiment: “So the ones who know the rules the most and the ones who are able to capture the data the best and are actually able to perform, they're going to survive.”

Institutional participants reported that data became viewed as a tool for institutional leaders to tell their story and justify decisions. Marion shared that deans and department heads became interested in data related to graduation, retention rates, and career placement as if they were being required to justify success to ensure future resources were invested in their respective academic areas. Conversations that had historically been driven by quality and reputation of the programs were now being tied to tangible outcomes.

Data became relevant not only as a way to ensure benchmark accuracy and increase reporting efficiency, but as a means by which the institutions could share knowledge across campus and with the public. Kerry remembers:

Part of it was how much we put it out to public. We did more of it on our web pages where our whole campus could see it, like I said we got it more in generalized meetings across campus. And what began happening was a lot of departments wanting to know their data, like how do I how do I see what my students are doing?

Institutional leaders shared that the ready availability of data created a sense of ownership among the colleges and departments. Participants shared that this level of transparency better informed constituents. As meetings were held around campus, constituents shared that data became the focus of the conversation rather than traditional “feel good” indicators. Marion remembers:

I think overall the performance changes make performance funding a good thing because it does make it to where data just can't be buried. You have to pay attention and you have to make the data relevant and use it to make decisions.

Jordan referred to the changing practice as “pushing data rather than pulling data.” As the GRAD Act progressed and funding was cut, data shifted from a means to articulate success to a means of survival. Participants indicated that their colleagues were paying attention and empowering themselves with data which increased the level of competition.

Participants reported that their institutional research departments worked tirelessly trying to pull the data, get the data sorted, get it correctly identified and ready to go into the reports. Participants shared that resources were appropriately allocated to ensure success. Jordan recalled drastic shifts from the handling of data by an administrative assistant to the hiring of an expert with a Ph.D. and the upgrade of software programs that were designed specifically for institutions of higher education. Marion remembers institutional leaders being sent to conferences with their institutional research team and information technology staff to learn about collaboration. Overall, participants shared that the GRAD Act required the institutions to enhance their data collection and manipulation practices and that benefits realized through this process continue to resonate as resources are proportionally dedicated to these efforts.

**Increased performance awareness.** Overwhelmingly, participants shared the experience that the GRAD Act left a lasting effect of performance awareness. Regardless of issues of

design, implementation, and actual funding, participants shared that there was a shift in focus from traditional norms to that of modern efficiency. Emory states:

Even if the promises of resource and autonomy ended up being empty, it completely changed the conversation in higher ed in Louisiana in a very, very positive way. I think it did shift the conversation from maintaining status quo and put us in a disposition where we were more able to focus on things like future work, on embracing technology, in finding ways to be lean organizations that are focused on results.

For Emory, the GRAD Act brought about fundamental changes in the way institutional leaders made decisions and articulated performance. There seemed to be a “forward thinking” and “result driven” tone in conversations in the wake of the GRAD Act.

The changing conversation and shift in culture was driven by a perceived sense of urgency shared by the participants. Quinn recalls, “the GRAD Act called attention to our weaknesses, and once it was out in the open, we all became serious about changing the dialogue.” Higher education had historically operated in a vacuum with little input from the outside public and, as attention was placed on the institutions and decreased funding had a visible impact on operations, so came the sense of obligation to show results and return on public dollars. Jordan remembers:

And so there was a heightened level of attention and people were like, oh...we just closed this many programs? we just laid off this many people? Our folks stepped up when they understood that money was tied to it, they understood that there was a new culture.

Institutional participants shared that a sense of ownership arose when the effects of the cuts started to hit home and there was a renewed sense of responsibility and teamwork across campus.

Information that was critical to the survival of the institutions was historically held in “silos” and the heightened awareness of performance led to cross campus collaboration that may have not otherwise occurred.

Participants shared that this heightened level of awareness and partnership mentality brought forth by the GRAD Act was felt campus wide and still remains today. For Marion, it was a sharing of knowledge wasn't as prevalent before there was so much at stake, stating:

I think the old days of when I was here in the 80s where you had a professor say look to your left, look to your right, two of y'all aren't going to be here at the end kind of thing, you know, to the weed out mentality. That's very much not tolerated anymore.

Participants shared that the faculty and staff at every level of the organizational chart began to understand what was required. Quinn stated, “everyone has to be a recruiter, and everyone has to contribute to retention.” This shared sense of responsibility changed the way the institutions viewed themselves and placed a spotlight on activities that were key to operational success.

Sydney shared:

I think a positive aspect of it was it did lay out performance elements that you needed to pay attention to, things like retention, like graduation, like production, and those are still part of the language now and elements of it.

Regardless of the realization of any actual rewards, the institutional participants all shared that they had a stronger sense of the role of their institution and began to focus on attributes that were success oriented, rather than traditional in nature.

### **Summary**

In this chapter, significant themes from the 12 participants were categorized in relation to the stakeholders' perceptions of performance funding through the examination of the



development, design, implementation, and execution of the GRAD Act. The four themes that emerged were: (1) Attractive Approach, (2) Design Versus Implementation, (3) Resource Allocation, and (4) Lasting Effects. Throughout the participants' shared experiences, it was evident that performance based funding was an attractive approach. Stakeholders shared the perception that performance based funding had the potential to change perceptions of inefficiency in higher education and rise to a greater level of accountability. While the GRAD Act had the potential for success, participants shared a number of issues that arose between design and implementation created a divide between campus and state level participants. As the GRAD Act developed, issues of resource allocation and economic decline further complicated the process. As the practice of tuition swap became evident and institutions did not realize financial rewards or autonomy, participants shared that there was a decline in support. Although the policy was repealed, participants cited a number of lasting effects that are still evident in operations including the enhanced role of the community and technical colleges, increased focus on student success, and the relevance of data. There was also a shared sense among participants that while the policy was not implemented as designed, the process itself led to an increased awareness of performance at the institutions. In the next and final chapter, implications of these findings will be outlined, and recommendations will be made for future policy development.

## **Chapter 5**

### **Discussion**

While the overarching concept of performance based funding seems simple, the design, implementation, and execution of these programs is complex and has been historically difficult to achieve (Shin, 2010). This study explored higher education stakeholders' perceptions of performance based funding by examining the design, development, implementation, and execution of the Louisiana GRAD Act. A phenomenological qualitative study, using first person interviews, was conducted and findings were analyzed alongside relevant literature and corresponding theoretical perspectives of policy design, policy implementation, and principal-agent relations. This chapter will discuss the findings detailed in Chapter 4 by outlining how the themes connected to one another, and to the literature, as it relates to the research questions. Following the discussion, implications for policy and practice will be discussed. Research limitations will be set forth, followed by recommendations for future research and final conclusions.

### **Discussion of Findings**

The findings of this study contribute to the body of research as it relates to Louisiana's experiment with performance funding. Dougherty and Natow (2015) note that state specific analysis of the process by which communication is achieved would greatly benefit the scholarship upon which future policy could be developed. While many studies have analyzed performance based funding in other states, very few have analyzed performance funding in Louisiana, and even fewer have utilized a qualitative approach.

The stakeholders' perceptions of performance funding were categorized into four emergent themes: (1) Attractive Approach, (2) Design Versus Implementation, (3) Resource

Allocation, and (4) Lasting Effects. The four emergent themes were then categorized into subthemes. Three subthemes for “Attractive Approach” included: (1) Performance Based Funding is Good in Concept, (2) Higher Education is Inefficient, and (3) Performance Based Funding is Needed for Accountability. The subthemes for “Design Versus Implementation” included: (1) Political in Nature, (2) Poor Development, (3) One Size Does Not Fit All, and (4) Campus Wide Communication. The subthemes for “Resource Allocation” included: (1) Tuition Swap, (2) Not True Performance Based Funding, (3) No Rewards, and (4) Other Factors at Play. The subthemes for “Lasting Effects” included: (1) Enhance Role of Community and Technical Colleges, (2) Focus on Student Success, (3) Data Became Relevant, and (4) Increased Performance Awareness. Overall, the findings revealed that the stakeholders shared many experiences, however perceptions varied among participant classification.

### **Addressing the Research Questions**

The main research questions for this study were: 1) *What are the perceptions among higher education governing board administrators and legislators responsible for the design and development of the Louisiana GRAD Act at the state level?* and 2) *What are the perceptions among campus leaders and campus coordinators responsible for the implementation and execution of the Louisiana GRAD Act at the institutional level?* The research questions, while similar in sharing the aspect of perception, are inherently different as inquiries are directed to hierarchal perspectives and goals of the participants. As evidenced in the literature, national trends reveal that perceptions of performance funding depend largely on the aspect of the process being discussed, and by whom, as government officials tend to emphasize notions of transparency, accountability and efficiency, while campus officials are concerned with means, implementation, and sustainability (Burke and Associates, 2002; Dougherty & Natow, 2015;

Perna & Finney, 2014; Rutherford & Rabovsky, 2014). The findings in this study are consistent with findings in the literature related to varying aspects of the process and the classification of the participant.

The first major takeaway is the disconnect between campus and state level officials concerning the design of the GRAD Act. Findings in the theme “attractive approach” reveal that all participating higher education stakeholders in Louisiana shared the perception that performance based funding was good in concept. Although campus and state level participants held different beliefs about the concept of performance funding, perceptions of inefficiency in higher education and the need for accountability led all stakeholders to agree that the GRAD Act had the potential to benefit all parties. This is consistent with findings in the literature, citing that proponents of performance funding focus on the lack of external pressure on institutions to improve student success and the importance of establishing incentives for student outcomes rather than traditional measures such as enrollment (Perna & Finney, 2014). Campus level participants viewed performance funding as a way in which they could showcase success and combat perceptions of inefficiency, while state level participants viewed the GRAD Act as a mechanism by which accountability to the public could be achieved. Casey captured the reciprocal need stating, “the universities needed money and we needed results.” As cited in the literature however, the process can be difficult when policy makers and campus leaders disagree on the terms, strategies and conditions for measuring success (Hillman, Tandberg, & Gross, 2014). Although performance funding was attractive at the outset and communicated heavily to faculty and staff from campus level administrators as a reward program, difficulties arose soon after implementation.

Campus level participants found themselves responding to policy that was vague, unclear, and under pressure. For Kerry, this was especially evident when it came to establishing baselines. Participants shared that the changing requirements and requests for institutional data was being received at a faster rate than the universities could carefully respond. Devyn remembers: “It was like putting a bunch of people in a room, turning off the lights and tell them to find the door and holler fire”. Conflicting opinions arose about feasibility as campus leaders begin to realize that the GRAD Act policy was political in nature and they would not have a seat at the table as the policy developed. On the legislative side, there was a perceived lack of input as well, as the bill was passed as a priority rather than a thoughtful consideration. As it became clear to legislative participants that the bill was a priority of the Governor and the Speaker of the House, the amount of debate that ensued seemed to be minimized in an effort to build support for other legislation. This is consistent with the literature citing that opponents contend that performance funding policies limit campus level autonomy due to overlaid government arrangements (Rutherford & Rabovsky, 2014). As shared by participants, this kind of rushed implementation set the GRAD Act up as a bureaucratic responsibility rather than an initiative that had the potential to change the culture. This is consistent with literature indicating that a recurring problem is that performance based funding ideology creates a disconnect in communication ranging from state coordinating officials to academics responsible for the actual education to the students (Shin, 2010).

The second major takeaway is that the GRAD Act was not implemented as designed and several obstacles arose during the process resulting in unintended consequences. Findings in the theme “resource allocation” revealed the complexity of the funding reality while findings in the subtheme “one size does not fit all” enumerated differences in institutional mission, geographic

location, student demographics and socioeconomic factors. These findings are consistent with the literature as student characteristics, inappropriate performance funding measures, inadequate institutional capacity, insufficient state financial support, institutional resistance, and lack of knowledge were the most frequently reported obstacles to effective institutional responses to performance funding (Pheatt et al, 2014). Resource allocation was a major obstacle as the promises of financial incentives and autonomy set forth in the GRAD Act were never actually realized. Any authority granted to raise tuition did not result in increased revenues due to corresponding reductions in state funding. This so called practice of “tuition swap” not only quashed any benefits, but actually penalized institutions who earned the authority. For Devyn, this was the world’s greatest example of “bait and switch” and was viewed by many as the point where momentum declined as it became difficult to keep campus participants motivated. This is consistent with limitations in the literature concerning the lack of efforts to improve the organizational capacity of institutions to respond effectively to performance funding (Brinkerhoff, 2010).

Differences in institutional mission, geographic location, student demographics and socioeconomic factors enumerated in the subtheme “one size fits all” further complicated the process. The findings reveal that institutions serving large populations of low income students were at an even greater disadvantage. Findings in the literature signified that implementation of the state’s plan on each of the different region’s part may become fragmented due to the unfamiliarity of the culture of each area (Ness, Deupree, Gandara, 2015). Universities already experiencing financial difficulties felt that they had to show the public that they were “leaner” and the expectation was that they had to do more with less. For HBCU’s and community colleges, the difficulty was enhanced due to lower numbers of students receiving TOPS and the

lack of recognition of certificate programs respectively. As campus stakeholders struggled to fit the mold, governmental stakeholders viewed the GRAD Act as a means to compare institutions to their peers. This disconnect is consistent with findings in the literature that obstacles were created by inappropriate funding measures in states where performance funding policies did not account for the different classifications of institutions made to adhere to the mandates (Pheatt et al., 2014). In addition to pre-existing issues of socioeconomic status and lack of corresponding diversity in the policy, participants shared that the GRAD Act came at a time when other factors amplified the inability to succeed, namely the national recession of 2008. This is consistent with findings in the literature indicating that institutions across the country found it difficult to fund new programs and support student improvement initiatives in the wake of the economic crisis (Pheatt et al., 2014).

The third major takeaway is the relationship between the changing rhetoric at the state and national level concerning workforce readiness and the sub theme of the “enhanced role of the community and technical colleges”. Similar to the shared perception that performance based funding is good in concept, the enhanced role of the community and technical colleges was experienced by all participants, but for motivations and concerns that varied among participant type. State level participants viewed the community and technical colleges as a model of efficiency, while the campus level participants at the four year institutions were concerned with the loss of the ability to teach remedial education courses and the inability to assist unprepared students. The concern of the four year participants is consistent with findings by Jenkins & Rodriguez (2013), citing that the shift in selectivity is problematic for many public universities historically committed to expanding access to low-income and minority students.

The community and technical college participants viewed the shift as an opportunity to increase enrollments and place their institutions on equal footing with their four year counterparts. As enthusiastically stated by Jordan, the GRAD Act legislation was “one of those first big events where LCTCS was seen as an equal partner.” To adapt to these changes and meet the requirements of the GRAD Act, four year institutions placed their focus on articulation and transfer agreements. This sense of partnership is perhaps the most prevalent outcome of the GRAD Act as it forced collaboration across campus types and curbed the perception of inefficiency perceived by state level participants and the general public. With the shift in remedial education from the four year institutions to the two year institutions, and the corresponding loss of revenue at the two year institutions, articulation and transfer was viewed as a mutually beneficial practice. Although the four year institutions perceived this as a loss on the front end, they saw it as a gain on the back end when students who did not meet the entrance requirements transferred back to their institutions after meeting the minimum requirements for entrance procured at the two year institutions.

The fourth and final takeaway is that, while the GRAD Act increased awareness, institutional improvement after the implementation of the GRAD Act could be attributed to a number of other factors. While the shift in culture and corresponding sense of urgency created by the GRAD Act were regarded as products of performance based funding, factors dictated by the market were viewed as stand-alone and simply brought to the forefront by policy. This is consistent with the literature concluding that, even if student outcomes improve after the implementation of performance funding, the improvements could be the result of a number of other factors including growing enrollments, efforts to improve student outcomes such as counseling and advising, developmental education, and course articulation and transfer (Hearn,



2015). Factors in the subthemes of “student success” and “data became relevant” reveal an effort by institutions to improve student outcomes. Campus level participants reported increases in high touch activity including increased communications with students and “intrusive advising” practices to ensure retention. Data retention and management efforts also increased in an effort to share communication about performance.

Many participants felt that the GRAD Act itself did not have any effect on institutional success that would not have otherwise occurred naturally in response to the changing environment in higher education. These changes revolve around the concept that the market is the best indicator of performance and, as enrollment declined, higher education would have implemented practices such as intrusive advising and data mining regardless of policy funding incentives. Although it could be argued that the enhanced focuses on student performance and outcomes was the result of increased awareness brought forth by the GRAD Act, the lack of actual rewards and true autonomy negate these presumptions. The relationship between performance funding and institutional performance is a continuing debate in the literature (Dougherty & Reddy, 2013; Dougherty et al., 2016; Fryar, 2011; Sanford & Hunter, 2011; Ness, Deupree, & Gandara, 2015; Shin, 2010; Tandberg & Hillman, 2014; Volkwein & Tandberg, 2008). Regardless of the debate, and even amid the negated presumptions, the GRAD Act changed the conversation about funding higher education in Louisiana and holds implications for policy and practice.

### **Implications for Policy and Practice**

The findings in this phenomenological study outlined the perceptions of campus and state level higher education stakeholders responsible for the design, development, implementation, and execution of the Louisiana GRAD Act. Although several studies have been conducted on

performance funding across the states, some even using a similar stakeholder focused approach, this study differs in that it focuses on a state that is unique to the union. Louisiana embodies an unrealized potential for understanding and subsequent growth with an answer lying among the collective knowledge of those who possess information about the success and failures of prior policy and practice. Implications for policy will be reviewed under the theoretical perspectives of policy design, policy implementation, and principal-agent relations found in the literature. Implications for practice will follow and build on the policy findings by offering suggestions for future policy development.

### **Implications for Policy**

Theoretical perspectives in the literature aid in understanding how obstacles and unintended consequences arise in performance funding as evidenced in studies of policy design, policy implementation, and principal-agent relations (Dougherty et al., 2016b). Through an analysis of each of these perspectives, findings from this study reveal a generalized perception of a number of strengths and weaknesses that is of use to policy makers in determining what changes need to be considered in the wake of the GRAD Act.

**Policy Design.** Studies of policy design analyze different policy instruments to gauge strengths and weaknesses and further policymakers' goals (Stone, 2012). Policy instruments reviewed in policy design research include financial incentives, persuasive communication, and capacity building (Schmidtlein & Berdhal, 2011). The findings in this study reveal that financial incentives, persuasive communication, and capacity building were all at issue in the design of the GRAD Act policy. Financial incentives can be characterized by the basic idea that if you promise people a reward or threaten them with a penalty, they will be more likely to conform (Anderson, 2011). The findings in this study reveal that although the GRAD Act promised rewards of

resources and autonomy, these rewards never came to fruition and the result was actually punitive in nature. In a sense, the obstacles encountered in the GRAD Act and the resulting unintended consequences were effective in that they created a survival mentality. This survival mentality, however, is in conflict with the design of the GRAD Act as a mutually beneficial way forward.

The inherent design flaws between what was promised and what actually materialized ultimately affected the persuasive power of communication. Research on persuasive communications operates under the assumption that administrative agencies engage in persuasive activities intended to convince those directly affected that public policies are reasonable, necessary, and socially beneficial to promote understanding and gain buy-in and consent from stakeholders (Rutschow et al., 2011). The findings reveal that communications related to the GRAD Act policy were initially persuasive in the sense that performance based funding was good in concept. Participants shared that the ability to show a return on investment was in the best interest of all stakeholders as well as the general public. Campus leaders and coordinators seemed eager for change as the message was communicated from state level principals to campus level agents. Campus level agents further carried the message to institutional stakeholders priming the potential for boots on the ground activity. The persuasive effect of these communications were nullified however as aspects that were mutually beneficial became one-sided when effects of “tuition swap” became evident to the participants.

The negative effect of this realization and the corresponding disconnect between campus and state level participants had a negative effect on capacity building. According to the literature, capacity building is designed to “change certain aspects of an organizations existing environment, internal structure, leadership and management systems” in an attempt to “improve

employee morale, expertise, productivity, and efficiency to strengthen an organizations capacity to do its work” (Light, 2004 p. 46). While initially designed as a motivating factor, the GRAD Act ultimately had an adverse effect on morale. What started as a mutually agreed upon concept shifted to the realization that a disconnect existed between campus and state level participants. Disconnect ultimately turned to distrust as campus level participants viewed the actions of state as actors as contrary to the principles and outcomes set forth in the performance agreements.

As future policy is developed, issues of financial incentives, persuasive communication, and capacity building need to be addressed. The findings reveal that the desire for change in Louisiana existed at all levels. While the motivation for this desire differed among participants, persuasive communication illustrating how performance funding is financially feasible is required to ensure parties can effectively communicate with their counterparts about the potential benefits. A promise, followed by a swap, negates any momentum established at the outset. Capacity building could be achieved by increased conversations between state level actors and campus level participants prior to implementation.

**Policy Implementation.** Literature on policy implementation attempts to explain why policies, as implemented, are frequently in contrast with the goals intended by the policy framers (Matland, 1995). As evidenced throughout the findings, the GRAD Act resulted in opposition as it was not implemented as designed. One of the dividing themes in policy implementation literature is between a perspective that emphasizes the intentions and actions of policy designers, referred to as the “top-down perspective”, and one that stresses the views of the target populations, referred to as the “bottom-up perspective” (Russell, 2015). This perspective is especially enlightening as it assists in illuminating the degradation of the GRAD Act design

through inconsistent implementation and the corresponding motives of the actors. The top-down perspective focuses on the target population's lack of knowledge about the intended goals set forth by policymakers as the reason local implementation often deviates from original intent (Dougherty et al, 2016b). The findings reveal that policy makers intended the GRAD Act to be a mechanism by which efficiency could be achieved in an environment where resources were steadily declining. What was not known to the target population is the means by which efficiency would be achieved. Reducing the base funding of higher education to offset tuition was not perceived by campus level participants as the means by which they expected to receive their so called reward.

In reaction to the top-down theory, researchers suggest that when viewed from the bottom-up perspective, local actors are not ignorant or incompetent, but rather are carriers of different goals and understandings placing mutual adoption at issue rather than outright implementation failure (Smith and Larimer, 2009; Dougherty et al, 2015). The findings reveal that issues with implementation arose after the realization that there would be no actual rewards. In addition to the lack of funding, other obstacles made it difficult for institutions to perform as outlined in the findings concerning differences in institutional mission, geographic location, student demographics and socioeconomic factors. Matland (1995) suggests that top-down and bottom-up perspectives can be reconciled by focusing on the theoretical significance of ambiguity and conflict for policy implementation. The findings reveal that ambiguity and conflict in the GRAD Act policy was inherent in design and further complicated by the shifting dialogue that permeated implementation.

While obstacles and unintended consequences are consistent with findings in the literature, it is of note that there was a positive showing of resiliency among institutional

stakeholders. Despite having diminished resources, institutions found a way to do more with less and maintain focus on key elements such as student success. This level of commitment to institutional values, combined with future trust and support at the state level, could have a yet unrealized impact on higher education in Louisiana. Considerations for future implementation strategies include increased efforts to build capacity from the bottom up. To achieve the level of buy in required for adequate capacity building, state level actors need to be clear about the means of funding. Even in situations where rewards are intended to take the place of previous base funding allocated from the state operating budget, a clear consensus as to how financial models maintain security alongside achievements would assist state level participants with developing plans and providing feedback in areas where there is little room for flexibility. The feeling that policies are implemented from the top down without consideration from the bottom up causes dissention in the ranks and leads to activity that is contrary to goals that could otherwise be achieved through bottom up development practices.

**Principal Agent Theory.** Principal-agent theory further illuminates this ambiguity and conflict through determining why the goals of those responsible for policy implementation do not resonate with that of those responsible for execution (Dougherty et al, 2016b). As has been revealed in the findings and further confirmed through analysis of design and implementation, the goals of the GRAD Act did not resonate because of misrepresentation and unintended consequences. Principal-agent theory focuses on how principals, such as government officials, can ensure the compliance of their agents responsible for implementation by recognizing that opposing interests require agents to take additional steps to ensure cooperation (Lane & Kivisto, 2008). The findings in this study reveal that obstacles enumerated in the “one size fits all” subtheme” could have been mitigated if state level participants would have accounted for

differences in institutional mission, geographic location, student demographics and socioeconomic factors. Principal-agent theory has proven compatible with policy implementation theory as top-down implementation focuses on the principal's securing of compliance and bottom-up implementation acknowledges the divide between conflicting interest and values (Lane & Kivisto, 2008; Russell, 2015). As was revealed in the "political in nature" subtheme, the design of the GRAD Act was closely held by policymakers. Campus level participants noted that there was little to no input from the institutions. As the GRAD Act developed, the consensus was that this type of formation was purposeful and reflected the value of the policymakers rather than those responsible for execution.

The lack of engagement at the campus level led to inconsistent messaging after implementation of the GRAD Act. Future policy development should be accompanied by the sense that the agent developed the means by which the goals of state actors could be achieved. State actors would then be viewed as agents acting on behalf of the principal rather than driving the decision-making process and assuming that campus level participants will conform despite the feeling that there was a lack of intellectual engagement. This engagement would serve both the principal and the agent in determining the needs of each institution based on their enumerated mission and contribution to the collective body of statewide higher education operations.

### **Implications for Practice**

Policy implications reveal that the primary issue is the disconnect between campus and state level participants. Institutional resistance to performance funding has been noted largely by faculty through arguments that it threatens their professional autonomy and weakens academic standards (Lahr et al., 2014). Advocates of performance funding have been equally concerned as they feared that institutional resistance would be met if big shifts in funding were perceived as

unfair to institutions (Lederman, 2009). The disconnect tends to appear between the phases of design and implementation as the inherent goals of the parties are in conflict. The differences in values are explicit as government officials tend to emphasize notions of transparency, accountability and efficiency, while campus officials are concerned with means, implementation, and sustainability (Dougherty & Natow, 2015). It seemed that the fear of including campus level stakeholders prevents state actors from fully engaging those who are responsible for execution.

To combat this resistance, several states have attempted to gradually introduce performance standards to give campuses an opportunity to adjust (Alstadt, Fingerhut & Kazis, 2012). The issue, however, is the realization of conflicts through the passage of time. As performance funding demands have increased, institutional missions have been narrowed to meet performance objectives further adding to the unintended consequences brought on by these policies (Dougherty et al., 2016a). It is also unclear whether performance funding has any impact on institutional performance. While most multivariate studies show that there is little impact on graduation rates, Tandberg and Hillman's (2014) study shows that performance funding has had an impact on degree production seven years after the performance funding program was established, arguing that institutions may need enough time to meet performance funding demands and make necessary changes. Conversely, a study conducted by Rutherford and Rabovsky (2014) found that length of time has a negative impact on graduation. Considering these unintended consequences, and findings that performance funding policies intended to increase accountability may be doing harm than good, Umbricht et al. (2017) concluded that state policymakers should consider implementation or renewal of performance funding initiatives with great caution.



The biggest limitations in the literature seem to be the lack of efforts to improve the organizational capacity of institutions to respond effectively to performance funding (Brinkerhoff, 2010). As illustrated throughout the findings, there was a lack of communication between state and campus level participants. The main exception, and a potential solution as future policy is developed, is the consideration of findings in research by Bensimon, Dowd, Longanecker, and Witham (2012), who recounted and analyzed interventions to improve state and institutional efforts to deliberate on the best means to realize state goals for performance funding. This intervention level practice may be required to ensure that state and campus level participants are sharing complementary messages about prospective policy to achieve buy in and feasible capacity for change.

While the literature is a stark reminder that conflicts are always at interest and even thoughtful variations such as implementation have proven unsuccessful, it seems that performance funding has the potential for success in certain environments. As was evidenced early in GRAD Act development, performance funding was viewed by all parties as an attractive approach. However, certain components needed to be in place, namely alignment with mission, consideration of socioeconomic burdens, and actual rewards. It seems that disconnect between campus and state level actors occurred primarily because of the disinvestment in higher education that ensued during the same time period. Had the promises of resources and autonomy come to fruition and the metrics properly aligned to fit the institutions, the results may have varied.

### **Limitations and Future Research**

There are several limitations that must be addressed. As with any interview method the process itself has four major limitations: (1) indirect information filtered through the views of

interviewees, (2) information gathered in a designated place rather than the natural field setting, (3) potential bias in responses due to researcher presence, and (4) not all participants are equally articulate and perceptive (Creswell, 2009). As it relates to indirect information filtered through the views of the interviewees, many of the participants seemed to share bias based on the prevailing notions of their peers and/or their political perspectives. While most of the information was gathered in the natural field setting, such as on campus or at state offices, the timing of the interviews is removed from the phenomena of interest as the interviews were conducted in 2019 and the GRAD Act policy was in effect from 2010 to 2016. Since the proposed repeal of the GRAD Act, several other higher education funding issues have given rise to opinions that were blended with the interviewees recollection of those related specifically to the GRAD Act.

Another limitation is the bias in responses due to the presence of the researcher. Pre-existing relationships were utilized to gain access to the interviews. As a higher education administrator involved in governmental relations, responses in the presence of the researcher may have been limited because the participants were currently serving as elected officials or employed by governing boards and/or institutions. Although confidentiality was guaranteed, general sensitivity of the issue itself may have created apprehension as it relates to full disclosure. And while most participants were extremely well versed on the topic at issue, not all participants were equally perceptive as it related to the philosophical underpinnings of educational research and theory. Albeit, most participants were highly educated and experienced in their field. And finally, the results of the study will be limited to Louisiana's performance funding history, which may limit the generalizability of any significant findings to other states and regions.

**Future Research.** Although the six year performance agreements associated with the GRAD Act expired in 2016, the underpinnings of funding higher education for performance are still heavily at play in Louisiana. When the GRAD Act was recommended for repeal in 2015, a new formula for higher education funding was developed and implemented in the 2016-17 fiscal year. The new funding formula was developed in accordance with Act 462 of the 2014 Regular Legislative Session and called for the Board of Regents and each public postsecondary system to collaborate, develop a comprehensive outcome based formula, and make the recommended changes to the Master Plan for Higher Education. The outcomes based formula was designed through the expansion and modification of a number of GRAD Act objectives and calls higher education leaders to “collectively reevaluate the funding formula at least once every two years and submit a report regarding the formula’s effectiveness and the performance of each postsecondary institution to the appropriate legislative committees” (Louisiana Board of Regents, 2015 p. 4). To fulfill this requirement, it will be necessary for research to continue on this topic, especially as it relates to the finding that there was a disconnect between campus and state level participants. New research, following the same methodology set forth in this study, could reveal whether there is a disconnect between the design of the outcomes based model and the early stages of implementation of the new funding formula that is currently driving Louisiana’s Master Plan for Higher Education.

### **Conclusion**

In addressing the research questions, I concluded that there was a disconnect between campus and state level participants as it related to the design of the Louisiana GRAD Act. Although performance based funding was perceived by all stakeholders as an attractive approach, issues arose between participants as it related to the lack of involvement at the campus

level. What was perceived initially as a disconnect between campus and state level participants caused by a lack of communication and poor policy development, ultimately shifted to disinvestment as promises of resources and autonomy did not come to fruition. The design of the GRAD Act and its relationship to gaps in the workforce created an environment in which the community and technical college system was able to thrive. Aside from the enhanced role of the community and technical colleges and increased awareness, any institutional performance that may have otherwise been attributed to the GRAD Act was negated by the lack of rewards. Although the rewards did not materialize, the unintended consequences of the GRAD Act changed the higher education conversation in Louisiana as institutions proved resilient during a time of crisis.

Implications for policy and practice reveal that the involvement of campus level stakeholders in the design of the policy may have created the buy in and support necessary to mitigate issues that arose during implementation. In a compilation of in-depth research across the states of modern approaches to performance funding, it was concluded that evidence on the implementation and impact of prior policy should be considered when making decisions about future development, as well as the political and economic environment in which the policy is formed (Dougherty et al., 2016b). As the findings of this study reveal that institutions were able to survive despite the lack of support, a situation is imaged through which institutional resiliency is combined with a renewed trust of government and policy formation is facilitated through bottom up development and delivered promises. As Louisiana moves into the next phase of funding public colleges and universities, it will be essential that higher education stakeholders at every level have a seat at the table and mistakes of the past are not repeated as future policy is developed.

During the final weeks of this research, the worldwide COVID-19 pandemic struck the nation causing unprecedented financial volatility. After a record high on February 12, 2020, the Dow Jones Industrial Average closed on March 11, 2020 at a record low not experienced since 1929. Just as the introduction to this research began alluding to the recession of the 90's and the economic downturn of 2008, it now ends with the greatest economic decline since the Great Depression. While the economic decline is staggering, the nature of the crisis itself has resulted in the cessation of core operations due to "social distancing" practices aimed at flattening the transmission curve. Classrooms are empty, dormitories have been vacated, and commencement ceremonies have been cancelled across the nation. Online instruction and virtual communications have taken center stage as state and campus leaders work tirelessly to address issues in an environment being referred to as "the new normal".

States across our nation will be faced with difficult decisions, especially Louisiana, as healthcare and higher education budgets will be weighed against growing unemployment and limited resources. Budget concerns that led to the accountability movement will be amplified and notions of efficiency will be stronger than ever. As has already been learned through this crisis, early intervention is necessary for prevention. Just as the findings of this study reveal that communication between state and campus leaders is essential to ensure the mistakes of the past are not repeated, it will be critical to that messaging about evolving practices and alternative revenues are developed through buy in from stakeholders at all levels. Communication will be paramount to safeguarding the future of higher education and equipping stakeholders with the knowledge and versatility needed to endure the uncertainty that lie ahead.

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## Appendices

## Appendix A

### Recruitment Letter

Good morning/afternoon:

My name is William Drake Owens. I am a PhD candidate studying under Dr. Christopher Broadhurst at the University of New Orleans. I am studying stakeholder perceptions of the Louisiana Grad Act. I am writing to request your participation.

The purpose of my study is to analyze higher education stakeholders' perceptions of performance funding by examining the development, design, implementation, and execution of the GRAD Act. Participants must be higher education governing board officials, state legislators, campus leaders, or campus level coordinators.

Participation will require about two hours of time over the next two months. First, I will interview each participant for about 60 minutes. Participants will receive a typed transcript of their interview and have an opportunity to review their responses. Participants will be able to clarify their answers during a second interview by phone.

Participation is optional and confidential. Participants have the right to withdraw from the study at any time. Participation in the study will occur at locations selected by the participants.

Please contact me at [wowens@uno.edu](mailto:wowens@uno.edu) to participate. I will be happy to answer questions.

Thank you for your consideration.

Sincerely,

William Drake Owens

## Appendix B

### Consent Form

Dear \_\_\_\_\_:

My name is William Drake Owens. I am a graduate student at the University of New Orleans. I am studying under Dr. Christopher Broadhurst in the Educational Leadership program. You are invited to participate in a research study. The purpose of my study is to analyze higher education stakeholders' perceptions of performance funding by examining the development, design, implementation, and execution of the Louisiana Grad Act.

Participation will require about two hours of your time over the next 2 months. If you decide to participate, I will interview you for about 60 minutes. The interview will be audio recorded and take place at a location of your choosing. I will listen to the audio recording and transcribe it. I will save this document to my computer. No identifying information will be included in the typed transcript saved to the computer. I will print and deliver the document in a sealed envelope to you. I will call you by telephone to ask if there is anything that you want to change or add to the document. I will make the changes that you share with me. If you would like to do a second interview, we will arrange one at your convenience.

Your participation is voluntary. You do not have to participate. You have the right to stop participating at any time. You may skip questions, refuse to answer questions, or drop out at any time.

Confidentiality Statement: Any information provided and identifying records will remain confidential and kept in a locked file and password protected computer file in the researcher's office for a minimum of five years. All data collected from you will be coded with a pseudonym. Your real name will not be used. The results of this research project may be made public and information quoted in professional journals and meetings, but information from this study will only be reported as a group, and not individually.

Participation in this study may or may not benefit you personally. But, it may provide you with an opportunity to reflect on your mentoring experiences. It may also provide you with an opportunity to share your thoughts and experiences with others.

If you have any questions concerning this study, please contact Dr. Christopher Broadhurst at [cbroadhu@uno.edu](mailto:cbroadhu@uno.edu). You may also contact me at [wdowens@uno.edu](mailto:wdowens@uno.edu).

Sincerely,

William Drake Owens

By signing below, you are giving consent to participate in the above study.



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Signature Printed Name Date

If you have any questions about your rights as a subject/participant in this research, or if you feel you have been placed at risk, please contact Dr. Ann O'Hanlon at the University of New Orleans via email at [aohanlon@uno.edu](mailto:aohanlon@uno.edu) or via phone at (504) 280-7386.

## Appendix C

### **Interview Protocol**

- 1.) What are your views about performance based funding?
- 2.) Why do you feel that performance based funding was implemented in Louisiana?
- 3.) What were your first thoughts upon realizing the GRAD Act would be a requirement for resources and autonomy?
- 4.) Can you describe your role with the design, development, implementation, and execution of the GRAD Act?
- 5.) What specific changes took place with your organization to accommodate GRAD Act policy requirements?
- 6.) How did you share GRAD Act development and requirements with others in your organization?
- 7.) Within your organization, how do you feel the creation of the GRAD Act was received?
- 8.) Can you share a specific story about development and/or implementation of the GRAD Act within your organization?
- 9.) How has the GRAD Act impacted your organization?
- 10.) How do you feel the GRAD Act has impacted higher education in Louisiana?

## Vita

William Drake Owens is the Assistant Vice President of External Affairs at Northwestern State University. He also serves as Executive Director of the Northwestern State University Foundation, Northwestern State University Alumni Association, and Mary R. Gallaspy Charitable Trust #2. Through these roles, his professional experience includes educational leadership, non-profit administration, government relations, environmental law, and natural resource management.