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States challenge public universities to prove they are worth their funding

By

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Taking a page from cash-strapped parents, states are increasingly telling their public universities to prove they're worth the investment.

Kentucky lawmakers next week are expected to approve a new formula that ties a significant portion of the state's roughly \$1 billion in public higher-education funding to student outcomes like earning certificates and degrees.

Arkansas Gov. Asa Hutchinson last month signed into law a funding model that, over a few years, will increase the pot of money and begin judging schools against their own baseline figures for keeping students on track toward on-time graduation.

And Wisconsin Gov. Scott Walker has recommended expanding its model, now in use at the state's technical colleges, to four-year public universities.

At least 33 states now use performance-based funding, according to the National Conference of

“There are winners and losers, no doubt, in our model,” said Russ Deaton, deputy executive director of the Tennessee Higher Education Commission. A small share of dollars in that state were allocated based on school performance beginning in 1979; the formula became entirely outcomes-based in 2011.

He said all but one of Tennessee’s community colleges now get more money than they did

Florida Atlantic University in Boca Raton came in 10th out of 11 schools in 2014, the first time Florida ran the newest iteration of its performance-based funding model. The university had \$7 million of its roughly \$256 million in state funding withheld until it outlined an improvement plan. The school relies on state funds for about one-third of its total operating budget.

President John Kelly said the university's poor showing led it to rethink how it handles academic coaching and to revise its admission standards. He said the school, by becoming more selective, isn't stopping anyone from going to college, but rather is "redirecting students to a place where they could be more successful," such as a community college, before they transfer to Florida Atlantic.

The school tied for the top spot in the 2016 performance-based funding formula, yielding it an additional \$25 million that went to new faculty hires and academic advising.

Corrections & Amplifications

Nicholas Hillman is an associate professor at the University of Wisconsin at Madison. An earlier version of this article incorrectly referred to him as an assistant professor. (March 11)

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