Performance Reporting:
The Preferred "No Cost" Accountability Program
The Sixth Annual Report

Joseph C. Burke and Henrik Minassians
Higher Education Program

The
Nelson A.
Rockefeller
Institute
of
Government

Performance Reporting:
The Preferred "No Cost" Accountability Program
The Sixth Annual Report

Joseph C. Burke and Henrik Minassians

Higher Education Program

The Nelson A. Rockefeller Institute of Government
State University of New York
Albany, New York
2002

The Nelson A. Rockefeller Institute of Government, the public policy research arm of the State University of New York, was established in 1982 to bring the resources of the 64-campus SUNY system to bear on public policy issues. The Institute is active nationally in research and special projects on the role of state governments in American federalism and the management and finances of both state and local governments in major areas of domestic public affairs.

Address inquires to:

Joseph C. Burke
Director
Higher Education Program
The Nelson A. Rockefeller Institute of Government
411 State Street
Albany, New York 12203-1003
Tel.: (518) 443-5835
Fax: (518) 443-5845
E-mail: burkejo@rockinst.org
Web: http://rockinst.org/higheduc.htm

CONTENTS

Performance Reporting:
The Preferred "No Cost" Accountability Program
The Sixth Annual Report

Joseph C. Burke and Henrik Minassians

Introduction 1

Performance Programs Prevail 2

The Questionnaire 2

Performance Budgeting and Performance Funding 3

Methods of Initiation 4

Performance Funding 5

Performance Budgeting 7

State Report Cards Spur Performance Reporting 11

State Performance Programs and the State Report Card 14

State Scores and Sources of Successes and Shortcomings 16

Impact on Campus Performance 17

A Common and Fatal Flaw 20

Findings 21

Conclusion 21

References 22

Appendix A 23

Appendix B 27

Performance Reporting: The Preferred "No Cost" Accountability Program The Sixth Annual Report*

Joseph C. Burke and Henrik P. Minassians

§ Introduction

The Sixth Annual Survey of State Higher Education Finance Officers (SHEFOs) shows the triumph of performance reporting and the trials of performance budgeting and funding. The bad budgets for higher education that emerged after our 2001 Survey spurred the rapid advance of performance reporting and stifled the steady climb of performance budgeting and funding. Nearly 90 percent of the states by now have some form of performance reporting, a leap of nearly 50 percent in just two years. Publication of *Measuring Up 2000 — the State-By-State Report Card on Higher Education* renewed interest in performance reporting, but bad budgets in 2001 and 2002 added another argument for adoption (The National Center 2000). SHEFOs suggest that a number of state legislators see performance reporting as a "no cost" alternative to performance funding and budgeting.

This year's Survey results reveal some slippage in support for performance budgeting and performance funding. For the first time, since the Surveys began in 1997, the steady increase in the number of performance funding initiatives stopped, as one state dropped its effort. The decline of performance budgeting, which began 2001, continued in 2002. Last year, it looked as though tight budgets might encourage performance funding (Burke and Minassians 2001). This year, state budgets for higher education became so bad that legislators balked at allocating even small sums to campus performance.

In the 1990s, some policy makers felt, while others feared, that performance reporting would lead inevitably to performance budgeting or funding. Reporting seemed merely the initial stage on a path to budgeting and funding, which carried — or at least considered — financial consequences for good or poor performance. The SHEFO responses this year reveal that bad budgets have reversed this perception. They indicate that some state leaders — especially legislators — believe that performance reporting gives the "same bang in accountability for no bucks in budgeting."

We began our Surveys in 1997 based on the belief that the maxim of "what gets measured is what gets valued" was really only half right. The drive for accountability in the 1990s convinced us that only what gets "funded," "budgeted," or "reported" attracts attention on college campuses and in state capitals. The telephone Surveys first questioned SHEFOs on the existence or interest in performance budgeting and performance funding in the 50 states (Burke and Serban 1997). From the beginning, we sought — with far from full success — to differentiate "performance funding" and "performance budgeting," based on the direct as opposed to indirect connection of state allocations to campus performance. The task over time has become ever more trying, since new initiatives borrowed from both programs (Burke, Rosen, Minassians, and Lessard 2000.)

* Study supported by the Ford Foundation.

In 1999, we added questions on the third leg of accountability for higher education — performance reporting (Burke and Modarresi 1999). Performance funding, budgeting, and reporting represent the main methods of assuring state accountability for public higher education in a decentralized era of managing for results rather than controlling by regulations. Although the relative popularity among these performance policies shifts with changing conditions in state revenues and campus funding, the surveys show a surge toward accountability across the country (Burke and Minassians 2002). Today only Delaware and Montana have no performance program. State after state accepted the need for accountability, although the preferred approach to achieving this elusive goal remained in doubt until the last year. This year's survey stressed the economic advantage of performance reporting, based on the perception that it achieved accountability at no cost. Apparently, state policy makers increasingly viewed publicizing results as a sufficient consequence without the need for budgeting or funding.

§ Performance Programs Prevail

The rise in performance reporting represents the real phenomenon of this year's survey. It gained five new programs since 2001 and grew by 14 in just two years. Publication of *Measuring Up 2000* on November 30 obviously stirred interest in performance reporting. No less than 44 states (88%) now have performance reporting, up from 25 in 1999 — a 76 percent increase in four years. A comparison with performance budgeting shows the swift spread of performance reporting. Performance budgeting had 23 programs in 1999 — just two fewer than performance reporting. Performance budgeting rose to 28 in 2000 but fell to 26 programs this year. Despite this decline, performance budgeting still enjoyed an increase of 63 percent, since 1997. Although performance funding dropped from 19 programs in 2001 to 18 this year, it recorded an 80 percent increase from the start of our Surveys. The popularity of performance reporting and to a lesser extent performance budgeting stems in part from the perception that they assess results without the controversy of requiring cuts in campus allocations or the necessity of providing additional funding.

To date, performance programs appear to come in combinations. Nine states have all three programs, although down from 10 in 2001. Fourteen of the States with performance budgeting and eight with performance funding also have performance reporting. New York (The SUNY System) alone has only performance funding, while just Arkansas, Nebraska, and Nevada have only performance budgeting. Nearly two-thirds of the 44 states with performance reporting also have at least one other performance program. The group with only performance reporting will probably increase if bad budgets persist and policy makers continue to believe that reporting gives the same benefits without the cost of performance funding and budgeting. This year's results supply some supporting evidence for this prediction. Two of the five new reporting initiatives this year come in states with no other performance program. Moreover, only one of those five (Oklahoma) had performance funding that requires state allocations.

§ The Questionnaire

Staff of the Higher Education Program at the Rockefeller Institute of Government has conducted telephone surveys of SHEFOs or their designees for the last six years, with an annual response rate of 100 percent. Previous polls came in June and July, while the Sixth Survey occurred in August. The questions focus on the current status, future prospects, and perceived impact of performance funding, budgeting, and reporting in the 50 states. (See Appendix for the questionnaire B.)

The interviews begin with definitions that distinguish the performance funding from performance budgeting. The questioner then asks whether a state currently has performance funding, budgeting, or reporting. If it has one or more of these programs, the interviewer asks the finance officer to predict whether the program or programs will continue for the next five years. If no program exists, the question changes to the likelihood of adopting the policy. "Highly likely," "likely," "unlikely," "highly unlikely," and "cannot predict" constitute the choices for all of these questions. Interviews also ask whether legislation mandates performance funding, budgeting, or reporting and whether it prescribes their indicators. In addition, respondents identify the primary initiator of these programs, choosing from governor, legislature, coordinating or governing board, university or college systems, or "other." Two years ago, the survey started asking respondents to assess the effect of the three programs on improving campus performance. The options offered are "great," "considerable," "moderate," "minimal," "no extent," or "cannot assess" the extent. (See Appendix for the 2002 Survey B.)

§ Performance Budgeting and Performance Funding

Performance funding and budgeting add institutional performance to the traditional considerations in state allocations to public colleges and universities of current costs, student enrollments, and inflationary increases. The latter represent input factors that ignore outputs and outcomes, such as the quantity and quality of graduates and the range and benefits of services to states and society. Some states previously adopted programs that front-ended funding to encourage desired campus activities, which we call initiative funding. Performance funding and budgeting depart from these earlier efforts by allocating resources for achieved rather than promised results (Burke and Serban 1998a; Burke and Associates 2002).

The authors of previous surveys and studies did not clearly distinguish what we call "performance funding" from "performance budgeting" and often used the terms interchangeably (Christal 1998; McKeown 1996). Lack of clear definitions led policy makers to confuse these two concepts. Although earlier surveys identify a generic direction in budgeting, they fail to clarify how state governments, coordinating boards, or college and university systems actually use campus achievements on performance indicators in the budgeting process.

Our annual surveys distinguish performance funding from performance budgeting by using the following definitions:

- **Performance funding** ties specified state funding directly and tightly to the performance of public campuses on individual indicators. Performance funding focuses on the distribution phase of the budget process.
- **Performance budgeting** allows governors, legislators, and coordinating or system boards to consider campus achievement on performance indicators as *one factor* in determining allocations for public campuses. Performance budgeting concentrates on budget preparation and presentation, and often neglects, or even ignores, the distribution phase of budgeting.

In performance funding, the relationship between funding and performance is tight, automatic, and formulaic. If a public achieves a prescribed target or an improvement level on defined indicators, it receives a designated amount or percent of state funding. In performance budgeting, the possibility of additional funding due to good or improved performance depends solely on the judgment and discretion of state, coordinating, or system officials. Performance funding ties state funding directly and tightly to performance, while performance budgeting links state budgets indirectly and loosely to results.

The advantages and disadvantages of each is the reverse of the other. Performance budgeting is flexible but uncertain. Performance funding is certain but inflexible. Despite these definitions, confusion often arises in distinguishing the two programs. Moreover, at times, the connection between state budgets and campus performance in performance budgeting almost disappears.

Performance budgeting offers political advantages to policy makers that may explain its preference over performance funding in state capitals. Performance funding produces fiscal consequences at the cost of campus controversies. State legislators may champion, in theory, altering campus budgets based on institutional performance, but they often resist, in practice, programs that may result in budget losses to colleges or universities in their home districts. Performance budgeting offers a political resolution of this troublesome dilemma. Policy makers can gain credit for considering performance in budgeting without provoking controversy by actually altering campus allocations.

Performance funding and performance budgeting do not suggest that campus performance is replacing traditional considerations in state budgeting for public colleges and universities. Current costs, student enrollments, and inflationary increases will — and should — continue to dominate such funding, since these factors represent real workload measures. The loose link between performance and budgeting in the case of performance budgeting, and the relatively small sums provided in performance funding, mean that both programs have only a marginal impact on campus budgets. However, the current programs of performance budgeting and funding seem to indicate — at least until this year — the growing sense in state capitals — but not on public campuses — that performance should somehow count in state budgeting for public higher education. The new sense from SHEFOs that state legislators are beginning to see performance reporting as a no cost alternative approach to accountability gives it an obvious edge over performance budgeting.

§ Methods of Initiation

Three methods exist for initiating performance funding, budgeting, and reporting.

- **Mandated/Prescribed**: legislation mandates the program and prescribes the indicators.
- **Mandated/Not Prescribed**: legislation mandates the program but allows state-coordinating agencies in cooperation with campus leaders to propose the indicators.
- **Not Mandated**: coordinating or system boards in collaboration with campus officials voluntarily adopt the plan without legislation.

Legislation mandated many of the early programs in performance funding; and in many cases also prescribed the indicators. Now over 60 percent of the funding programs are not mandated and 78 percent are not prescribed. Performance reporting has an equal number of mandated and non-mandated programs, but just two of the 44 plans prescribe the indicators. Performance budgeting is also equally divided between mandated and not mandated programs, and just one of its 26 initiatives prescribes the performance indicators.

Mandates, and especially prescriptions clearly undermine program stability. They are imposed from state capitals and ignore the importance of consultation with coordinating, system, and campus leaders. On the other hand, Not Mandated programs can leave state policy makers without a sense of ownership of the initiatives. No consultation means no consent, especially on college campuses and in state capitals. New management theories suggest that government officials should decide state policy directions for public higher education and evaluate performance, but leave the method of achieving designated goals to coordinating, college and university system, and campus officers. (See Appendix A for the dates and methods of initiation.)

§ Performance Funding

Last year, the start of new programs in performance funding in Arkansas and Idaho and the predicted re-adoption in Kentucky suggested a revival of performance funding. The addition of two new programs, stability in current programs, and some slide in policies of performance budgeting led us to suggest that bad budgets might favor performance funding over performance budgeting (Burke and Minassians 2001).

This year, steep budget shortfalls hurt both performance funding and budgeting and helped performance reporting. Performance funding had a net loss of one program, going from 19 to 18. It also showed renewed volatility. Oklahoma launched a new effort, but budget problems led Arkansas and the Community College System in California to drop their funding projects. Last year the SHEFO from California said he could not predict whether the Community Colleges would continue performance funding. This year's Survey gave the answer. California Community College System abandoned the program, because the state no longer promised increased funding.

In addition, the Arkansas legislature decided to shift from performance funding to performance budgeting to avoid the requirement of providing increased funding due to improved performance. Public higher education in Arkansas suffered two budget recissions in FY 2001-02 and no increase in FY 2002-03 budget (Schmidt 2002). It dropped performance funding because a depressed budget for public colleges and universities left no money for the required allocations. This shift suggests a return to the traditional instability of performance funding (Burke and Serban 1998b; Burke and Associates 2002). Arkansas originally adopted the program in 1994, abandoned it in 1997, renewed it in 2001, and shifted to performance budgeting in 2002.

Our Fifth Survey Report in July of 2001 predicted that relating state resources to campus results through either performance funding or budgeting represented a trend. This Year's Survey raises considerable doubts about that prediction. Last year, it seemed that the mild recession that began in 2000 actually increased the number of states adopting the program. The budget recissions during FY 2001-02 and the severe budget reductions for FY 2002-03 have led to slight reductions in both Performance Funding and Performance Budgeting. Tight budgets may encourage performance funding that allocates usually small sums automatically, but steep shortfalls clearly work against the program.

Statistics on the likelihood of continuing existing programs show surprisingly that SHEFOs consider more states highly likely to retain performance funding than the previous year. But a disturbing note is the prediction that Missouri is unlikely to continue its long-time initiative. Observers often cite this program as one of the most successful and stable efforts at tying state funding to campus results in the country (Burke and Modarresi 2000; Burke and Associates 2002). Abandonment of performance funding by Missouri could start a trend away from the program. Again, reduced budgets are the culprit.

A number of states, including Missouri, New York, Ohio, and South Carolina, have kept the program this year, but suspended all or some of its funding. Suspension of funding can work for perhaps a year but longer periods spell problems for initiatives that tie resources to performance. The prediction of unlikely to continue for Missouri is unsettling. Although SHEFOs on a few occasions have said they could not predict the future of performance funding in one or two states, this is first time in the six years of our survey that a finance officer called continuance of a performance funding program unlikely. The move of Ohio and New Jersey from likely to continue to cannot predict also spells trouble for performance funding should the budget problems persist.

Table 1. States with Performance Funding		
Surveys	**Number (Percentage)**	**States**
First April, 1997	10 states (20%)	Colorado, Connecticut, Florida, Kentucky, Minnesota, Missouri, Ohio, South Carolina, Tennessee, Washington
Second June, 1998	13 states (26%)	Colorado, Connecticut, Florida, Illinois*, Indiana, Louisiana, Missouri, Ohio, Oklahoma, South Carolina, South Dakota, Tennessee, Washington
Third June, 1999	16 states (32%)	California*, Connecticut, Florida, Illinois*, Kansas, Louisiana, Missouri, New Jersey, New York**, Ohio, Oklahoma, South Carolina, South Dakota, Tennessee, Texas, Virginia
Fourth June, 2000	17 states (34%)	California*, Colorado, Connecticut, Florida, Illinois*, Kansas, Louisiana, Missouri, New Jersey, New York**, Ohio, Oklahoma, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas
Fifth 2001	19 states (38%)	Arkansas, California*, Colorado, Connecticut, Florida, Idaho, Illinois*, Kansas, Louisiana, Missouri, New Jersey, New York**, Ohio, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas
Sixth 2002	18 States (36%)	Colorado, Connecticut, Florida, Idaho, Illinois*, Kansas, Louisiana, Missouri, New Jersey, New York**, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas
* 2-year colleges only ** State University System Only		

Table 2. Likelihood of Continuing Performance Funding		
2001		
Highly Likely	37% (7)	Colorado, Florida, Idaho, Illinois, Pennsylvania, Tennessee, Texas
Likely	58% (11)	Arkansas, Connecticut, Kansas, Louisiana, Missouri, New Jersey, New York, Ohio, Oregon, South Carolina, South Dakota
Cannot Predict	5% (1)	California
2002		
Highly Likely	55.6% (10)	Colorado, Connecticut, Florida, Idaho, Louisiana, Oklahoma, Pennsylvania, South Dakota, Tennessee, Texas
Likely	27.8% (5)	Illinois, Kansas, New York, Oregon, South Carolina
Unlikely	5.6% (1)	Missouri
Cannot Predict	11.1% (2)	New Jersey, Ohio

Table 3 on the likelihood of adopting performance funding also suggests problems for the program's future. Kentucky listed as highly likely to adopt performance funding last year has moved all the way to highly unlikely. Wisconsin has gone from likely to highly unlikely, Utah from likely to unlikely, and Virginia from likely to cannot predict. West Virginia also slipped from highly likely to only likely. Moreover, states in the highly unlikely to adopt category have doubled and those in the cannot predict have declined. In a single year the prospects for performance funding fell from three states highly likely to adopt to none. Clearly, budget problems in the states have stopped the growth of performance funding and threatened its future prospects.

Table 3. Likelihood of Adopting Performance Funding*

2001		
Highly Likely	9.5% (3)	Kentucky, Oklahoma, West Virginia
Likely	13% (4)	Alaska, Utah, Virginia, Wisconsin
Unlikely	26% (8)	Arizona, Indiana, Maryland, Nebraska, Nevada, New Mexico, Washington, Wyoming
Highly Unlikely	16% (5)	Delaware, Iowa, Montana, New Hampshire, North Dakota
Cannot Judge	35.5% (11)	Alabama, Georgia, Hawaii, Maine, Massachusetts, Michigan, Minnesota, Mississippi, North Carolina, Rhode Island, Vermont
2002		
Likely	6.3% (2)	Alaska, West Virginia
Unlikely	28.1% (9)	Georgia, Maryland, Mississippi, Montana, North Carolina, Utah, Vermont, Washington, Wyoming
Highly Unlikely	37.0% (12)	Alabama, Arizona, California, Delaware, Iowa, Kentucky, Nebraska, Nevada, New Hampshire, North Dakota, Rhode Island, Wisconsin
Cannot Judge	28.1% (9)	Arkansas, Hawaii, Indiana, Maine, Massachusetts, Michigan, Minnesota, New Mexico, Virginia

* Percent based on the number of states without Performance Funding program

§ Performance Budgeting

The number of states with performance budgeting rose steadily from 1997 to 2000, moving from 16 to 28 states, with a net annual increase of three programs (Table 4). In 2001, it recorded a net lost of one program, followed by another this year. Although performance budgeting had tended to remain fairly stable, in 2002 Arkansas and Vermont adopted the program, but Alabama, Oregon, and Washington abandoned it. Arkansas dropped its new program in performance funding for an experimental budgeting program adopted for 10 state agencies and for public higher education. Alabama launched a pilot project of performance budgeting last year, but this year the legislature eliminated the program due to a budget shortfall. Oregon and Washington leaders felt that the bad budgets left no money for consideration of performance. Instead, they opted for performance reporting, which stresses accountability for results without paying for performance.

Table 4. States with Performance Budgeting

Surveys	Number (Percentage)	States
First 1997	16 states (32%)	Colorado, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Mississippi, Nebraska, North Carolina, Oklahoma, Rhode Island, Texas, West Virginia
Second 1998	21 states (42%)	Colorado, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Louisiana, Maine, Mississippi, Nebraska, North Carolina, Oklahoma, Oregon, Rhode Island, South Dakota, Texas, Washington, West Virginia
Third 1999	23 states (46%)	Connecticut, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Louisiana, Maine, Massachusetts, Michigan, Nebraska, New Jersey, New Mexico, North Carolina, Oklahoma, Oregon, Texas, Virginia, Washington, West Virginia
Fourth 2000	28 states (56%)	Alabama, California, Connecticut, Florida, Georgia, Hawaii, Idaho, Illinois, Iowa, Kansas, Louisiana, Maine, Maryland, Massachusetts, Michigan, Mississippi, Missouri, Nebraska, Nevada, New Jersey, New Mexico, North Carolina, Oklahoma, Oregon, Texas, Utah, Virginia, Wisconsin
Fifth 2001	27 states (54%)	Alabama, California, Connecticut, Florida, Georgia, Hawaii, Idaho, Illinois, Iowa, Kansas, Louisiana, Maine, Maryland, Michigan, Mississippi, Missouri, Nebraska, Nevada, New Mexico, North Carolina, Oklahoma, Oregon, Texas, Utah, Virginia, Washington, Wisconsin.
Sixth 2002	26 states (52%)	Arkansas, California, Connecticut, Florida, Georgia, Hawaii, Idaho, Illinois, Iowa, Kansas, Louisiana, Maine, Maryland, Michigan, Mississippi, Missouri, Nebraska, Nevada, New Mexico, North Carolina, Oklahoma, Texas, Utah, Vermont, Virginia, Wisconsin

Table 5 also suggests a slide in the certainty of continuing performance budgeting since last year. Replies in the highly likely to continue column slid from 63 percent to 50 percent, with the difference going to likely. None of the states without performance budgeting are claimed as highly likely to adopt it, although four states — two more than last year — are considered likely to do so. The number of states considered highly unlikely to adopt it declined, but those unlikely to adopt it have doubled. The response of cannot predict dropped significantly. The statistics on continuance or adoption suggest slippage in future support for performance budgeting.

Table 5. Likelihood of Continuing Performance Budgeting		
2001		
Highly Likely	63% (17)	Connecticut, Idaho, Illinois, Iowa, Kansas, Louisiana, Maine, Michigan, Mississippi, Nebraska, Nevada, New Mexico, North Carolina, Oklahoma, Texas, Utah, Virginia
Likely	26% (7)	Alabama, California, Hawaii, Maryland, Missouri, Oregon, Wisconsin
Cannot Judge	11% (3)	Florida, Georgia, Washington
2002		
Highly Likely	50% (13)	Connecticut, Georgia, Idaho, Illinois, Iowa, Kansas, Louisiana, Michigan, Mississippi, Nevada, North Carolina, Oklahoma, Utah
Likely	38.5% (10)	California, Florida, Hawaii, Maine, Maryland, Nebraska, New Mexico, Texas, Vermont, Wisconsin
Cannot Judge	11.5% (3)	Arkansas, Missouri, Virginia

*Table 6. Likelihood of Adopting Performance Budgeting**		
2001		
Likely	9% (2)	Alaska, West Virginia
Unlikely	17% (4)	Delaware, Montana, New York, South Carolina
Highly Unlikely	17% (4)	Arizona, New Hampshire, North Dakota, Rhode Island
Cannot Predict	57% (13)	Arkansas, Colorado, Indiana, Kentucky, Massachusetts, Minnesota, New Jersey, Ohio, Pennsylvania, South Dakota, Tennessee, Vermont, Wyoming
2002		
Likely	16.7% (4)	Alaska, Montana, Tennessee, West Virginia
Unlikely	33.3% (8)	Alabama, Arizona, Delaware, Kentucky, North Dakota, Rhode Island, South Carolina, Washington
Highly Unlikely	12.5% (3)	Colorado, New York, South Dakota
Cannot Predict	37.5% (9)	Indiana, Massachusetts, Minnesota, New Hampshire, New Jersey, Ohio, Oregon, Pennsylvania, Wyoming
* Percent based on the number of states without Performance Budgeting program.		

As expected in a period of revenue shortfalls, Table 7 also suggests some slide in the perceived effect of performance budgeting on campus funding. Although the SHEFOs sense of impact remains from moderate to minimal, the move is clearly downward. SHEFOs say the current recession and budget shortfalls produced this reduction, which is likely to continue to drop if fiscal problems persist.

Table 7. Effect of Performance Budgeting on Funding

	2001	
Considerable Extent	11% (3)	Hawaii, Illinois, Missouri
Moderate Extent	37% (10)	Connecticut, Florida, Idaho, Louisiana, Maine, Maryland, Michigan, Nevada, Oregon, Utah
Minimal Extent	26% (7)	California, Iowa, Mississippi, Nebraska, North Carolina, Virginia, Washington
No Extent	11% (3)	Alabama, New Mexico, Wisconsin
Cannot Judge	15% (4)	Georgia, Kansas, Oklahoma, Texas
	2002	
Considerable Extent	3.8% (1)	Illinois
Moderate Extent	34.6% (9)	California, Hawaii, Idaho, Louisiana, Maryland, Michigan, Oklahoma, Utah, Vermont
Minimal Extent	34.6% (9)	Connecticut, Florida, Georgia, Kansas, Missouri, Nebraska, Nevada, North Carolina, Virginia
No Extent	15.4% (4)	Iowa, Mississippi, New Mexico, Wisconsin
Cannot Judge/No Answer	11.5% (3)	Arkansas, Maine, Texas

The last two SHEFO Reports noted some convergence between performance budgeting and funding, as many of the new budgeting programs earmarked specific sums for state allocation for campus results (Burke, Rosen, Minassians, and Lessard 2000). Specified funding in budgeting erased the major distinction between the two performance programs. The SHEFO responses in 2002 suggest that budget problems may have stopped this movement. Just four of the 26 states with performance budgeting earmark dollars for performance. Indeed, performance budgeting at a time of restrained funding may be moving closer to performance reporting, which has no official link to state funding. In performance budgeting, policy makers merely consider performance for funding, without the necessity of actually making allocations.

Table 8. Does Performance Budgeting Earmark Dollar Amount or percent of state support 2002		
Yes	15.4% (4)	California, Louisiana, Missouri, Texas
No	84.6% (22)	Arkansas, Connecticut, Florida, Georgia, Hawaii, Idaho, Illinois, Iowa, Kansas, Maine, Maryland, Michigan, Mississippi, Nebraska, Nevada, New Mexico, North Carolina, Oklahoma, Utah, Vermont, Virginia, Wisconsin

Over the years, the movement to mandate performance budgeting for all or some state agencies fostered its increase in higher education. This year, the number of states with performance budgeting for their agencies increased from 25 to 27. This overall statistic conceals considerable volatility. Actually five states eliminated performance budgeting for their agencies, while seven added the program. This volatility may restrict the growth of performance budgeting, since 85 percent of its programs for higher education come in states with this policy for government agencies.

Table 9. States with Performance Budgeting for State Agencies
2001
Alabama, Arizona, Arkansas, Florida, Hawaii, Idaho, Iowa, Kansas, Louisiana, Maine, Maryland, Massachusetts, Mississippi, Missouri, Nevada, New Hampshire, New Mexico, North Carolina, Oklahoma, South Dakota, Tennessee, Texas, Virginia, Washington, Wisconsin
2002
Alabama, Florida, Georgia, Hawaii, Idaho, Illinois, Iowa, Kansas, Louisiana, Maine, Maryland, Massachusetts, Michigan, Mississippi, Missouri, Nebraska, Nevada, New Mexico, Oklahoma, Oregon, Rhode Island, Tennessee, Texas, Vermont, Virginia, Wisconsin

§ State Report Cards Spur Performance Reporting

Performance reporting represents a third method of demonstrating public accountability and encouraging improved performance. These periodic reports recount the results of public colleges and universities on priority indicators, similar to those found in performance funding and budgeting. On the other hand, since they have no formal link to funding, performance reports can have a much longer list of indicators than performance budgeting and especially performance funding. The reports are usually sent to governors, legislators, and campus leaders, and often to the media. They use publicity rather than funding or budgeting to stimulate colleges and universities to improve their performance (Burke and Minassians 2002).

In the last two years, the number of states with performance reporting jumped from 30 to 44. This large increase undoubtedly stems from the concerns that both preceded and followed the publication on November 30th of *Measuring Up 2000* (The National Center 2000). That *Report Card* graded states from A to F on each of the five categories of college *Preparation, Participation, Affordability, Completion*, and *Benefits*. It gave an incomplete to all states on a sixth Category, *Student Learning*, since its authors determined that no reliable and comparable national data existed for assessing performance in this area. Nine states initiated performance reporting in 2001, the year following the issuance of the first Report Card, and five adopted it this year.

Table 10. States with Performance Reporting		
Fourth 2000	30 states (60%)	Alabama, Arizona, California, Colorado, Connecticut, Florida, Georgia, Hawaii, Idaho, Illinois, Kentucky, Louisiana, Maryland, Massachusetts, Mississippi, Missouri, New Jersey, New Mexico, North Dakota, Oregon, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Washington, West Virginia, Wisconsin, Wyoming
Fifth 2001	39 states (78%)	Alabama, Alaska, Arizona, California, Colorado, Connecticut, Florida, Georgia, Hawaii, Idaho, Illinois, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, New Jersey, New Mexico, North Carolina, North Dakota, Ohio, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Washington, West Virginia, Wisconsin, Wyoming
Sixth 2002	44 states (88%)	Alabama, Alaska, Arizona, California, Colorado, Connecticut, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, New Hampshire, New Jersey, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming

In June of 2000, we asked SHEFOs about the level of concern in their agencies over the impending publication of *Measuring Up 2000*. Very concerned was cited by 3.4 percent and 35 percent said moderate concern, while 24 percent claimed only minimal, and 7 percent no concern. The others could not assess the concern or did not respond to the question. Whatever those responses, the publication of the report cards clearly reawakened interest in performance reporting.

Continuance of the current reporting programs seems beyond doubt, but the percent of states that seem highly likely to continue performance reporting has dropped, since SHEFOs from California and Colorado now rate continuance as only likely. The Sixth Survey shows just six states without performance reporting. Montana is highly likely and New York likely to adopt it, while Delaware and Nevada are unlikely, and Arkansas and Nebraska highly unlikely to start it. Delaware is one of two states without at least one performance program and is perennially among the least likely to adopt one.

In the past, performance reporting – as noted earlier — seemed to set the stage for performance funding and to a lesser extent performance budgeting. For example, performance reporting preceded initiation of performance funding in 13 of the 18 states that currently have the funding program. Tennessee started both in the same year and New York has no reporting program. The other three states began performance reporting after funding. Reporting also preceded budgeting in 15 of the 26 programs in place in 2002. Some of the comments from SHEFOs this year suggest that the reverse is beginning to occur. State leaders confronted with budget shortfalls are starting to substitute performance reporting for performance funding and budgeting as an alternative that creates no requirement or even expectation for increased funding whatever the performance levels.

The perceived impact of performance reporting on campus allocations in colleges and universities shown in Table 13 is surprising. Performance reporting has no formal connection to funding; indeed the absence of this link is seen as an asset of the program that explains its popularity. Although this policy has no official connection to budgeting, SHEFOs claimed this year that coordinating or system governing boards in 47 percent of the states with performance reports consider the results when making campus allocations. Last year’s figure was 48 percent.

Table 11. Likelihood of Continuing Performance Reporting		
2001		
Highly Likely	85% (33)	Alaska, Arizona, California, Colorado, Connecticut, Florida, Georgia, Idaho, Illinois, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, New Mexico, North Carolina, North Dakota, Ohio, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, West Virginia, Wisconsin
Likely	10% (4)	Alabama, Hawaii, Massachusetts, New Jersey
Unlikely	2.5% (1)	Wyoming
Cannot Judge	2.5% (1)	Washington
2002		
Highly Likely	70.5% (31)	Alabama, Alaska, Arizona, Connecticut, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Michigan, Minnesota, Mississippi, Missouri, New Jersey, New Mexico, North Dakota, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Utah, Virginia, West Virginia, Wisconsin
Likely	25% (11)	California, Colorado, Maine, Maryland, Massachusetts, New Hampshire, North Carolina, Oregon, Texas, Vermont, Washington
Cannot Judge	4% (2)	Hawaii, Wyoming

*Table 12. Likelihood of Adopting Performance Reporting**		
2001		
Highly Likely	18% (2)	Iowa, Oklahoma
Likely	18% (2)	Nebraska, New York
Unlikely	36% (4)	Delaware, Montana, Nevada, New Hampshire
Cannot Judge	27% (3)	Arkansas, Indiana, Vermont
2002		
Highly Likely	16.7% (1)	Montana
Unlikely	33% (2)	Delaware, Nevada
Highly Unlikely	33% (2)	Arkansas, Nebraska
Can’t Predict	16.7% (1)	New York

* Percent based on the number of states without Performance Reporting program

A possible explanation is that 11 of the 20 states listed as yes for considering reporting results in campus allocations also have performance funding. In contrast, only five of the 24 states recorded as not considering performance reports in campus allocations also have performance funding. SHEFOs saying yes on considering allocations possibly did not separate the impact of performance funding from performance reporting. Indeed, several states, such as Missouri, South Carolina, and Tennessee, use the same indicators for both performance reporting and performance funding.

Table 13. States that Consider Performance Reporting in the Allocation of Resources to Colleges and Universities

2001		
Yes	48% (19)	Alaska, Colorado, Hawaii, Idaho, Illinois, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Missouri, New Mexico, North Dakota, Rhode Island, South Carolina, South Dakota, Texas, Utah, West Virginia
No	43.5% (17)	Alabama, Arizona, California, Connecticut, Florida, Georgia, Kansas, Mississippi, North Carolina, Ohio, Oregon, Pennsylvania, Tennessee, Virginia, Washington, Wisconsin, Wyoming
Don't Know	2.5% (1)	New Jersey
No response	5% (2)	Michigan, Minnesota (did not respond to this question)
2002		
Yes	45.5% (20)	Alaska, Colorado, Florida, Idaho, Illinois, Louisiana, Maine, Maryland, Massachusetts, Minnesota, Missouri, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, South Dakota, Texas, Utah, West Virginia
No	54.5% (24)	Alabama, Arizona, California, Connecticut, Georgia, Hawaii, Indiana, Iowa, Kansas, Kentucky, Michigan, Mississippi, New Hampshire, New Jersey, New Mexico, North Dakota, Oklahoma, Rhode Island, Tennessee, Vermont, Virginia, Washington, Wisconsin, Wyoming

§ State Performance Programs and the State Report Card

An obvious, although not necessarily fair, question is how did the states with performance reporting fare on the state report cards in *Measuring Up 2000*. Such comparisons are unfair, because the report cards from the National Policy Center assess statewide performance, while the state performance reports tend to stress institutional results along with statewide performance. Despite this difference, in 2001, we compared the states with one or more of the performance policies of budgeting, funding, and reporting to see if they fared better in the scoring than states without these programs. The results reveal that states with one or more of these performance programs received no better grades than those without them (Burke and Minassians 2002).

Many states with these performance programs did poorly on the report cards, in part because their indicators — unlike *Measuring Up 2000* — do not reflect statewide needs, such as high school performance, college going rates, college cost as a percent of family income, adult degree attainment, and the state’s economic and civic benefits from higher education. Our study of the indicators used in 29 state performance reports show only three included adult degree attainment, two high school course taking, and one tuition and fees as a percent of family income, although seven included college going rates (Burke and Minassians 2002).

A number of states, including Kentucky, revised their performance reports to include these statewide indicators, undoubtedly in preparation of the second Score Card issued in September, *Measuring Up 2002.* Of course, different indicators would not necessarily raise the state grades, since researchers for The National Policy Center concede that race and ethnicity explains about 10 percent of the state scores and wealth and economic vitality about 25 percent (The National Center 2002, p. 22).

In 2002, we asked SHEFOs about the likelihood of their state revising its performance reports based on *Measuring Up 2000*. Only two percent said highly likely and 20 percent likely, while a third claimed unlikely and 9 percent highly unlikely. One-third of the SHEFOs could not predict their state’s response. Actual revisions appeared even fewer than predicted. In response to another question on whether their state had changed its performance report based on *Measuring Up 2000*, SHEFOs replied yes in five States: Indiana, Oklahoma, Tennessee, Texas, and West Virginia. Only Oklahoma and West Virginia described the revision as considerable. Indiana claimed only minimal revisions. Actually, Oklahoma and West Virginia adopted the categories and the indicators of *Measuring Up 2000* as their own. In addition, external evidence suggests considerable revisions in Kentucky and Missouri.

Clearly, *Measuring Up 2000* spurred the growth of performance reporting, but apparently has had only a modest impact in changing the indicators used in those state reports. Our Sixth Survey occurred before the publication of the second Report Card, *Measuring Up 2002*. Only time will tell whether the second report card — which suggests little significant improvement in all the categories but preparation — will have on the performance reports (The National Center 2002). Unfortunately, the history of performance reporting in the states suggests the first report creates a stir that subsides as the series continues.

Table 14. How Likely your State will revise Performance Report Based on Measuring Up

Highly Likely	2.2% (1)	Oklahoma
Likely	20.5% (9)	Alaska, Illinois, Kentucky, New Hampshire, New Mexico, North Carolina, Oregon, Texas, West Virginia,
Unlikely	34.1% (15)	Alabama, California, Georgia, Iowa, Maine, Maryland, Mississippi, New Jersey, Pennsylvania, South Dakota, Tennessee, Utah, Vermont, Virginia, Washington
Highly Unlikely	9.1% (4)	Minnesota, North Dakota, Rhode Island, Wisconsin
Cannot Predict	34.1% (15)	Arizona, Colorado, Connecticut, Florida, Hawaii, Idaho, Indiana, Kansas, Louisiana, Maine, Michigan, Missouri, Ohio, South Carolina, Wyoming

Table 15. Has your state revised performance report based on the Report Card Measuring Up		
Yes	11.4 (5)	Indiana, Oklahoma, Tennessee, Texas, West Virginia
No	86.4% (38)	Alabama, Alaska, Arizona, California, Colorado, Connecticut, Florida, Georgia, Hawaii, Idaho, Illinois, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, New Hampshire, New Jersey, New Mexico, North Carolina, North Dakota, Ohio, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Utah, Vermont, Virginia, Washington, Wisconsin
Don't Know	2.3% (1)	Wyoming
Table 15b. Continued = If Yes, to what extent?		
Considerable Extent	4.5% (2)	Oklahoma, West Virginia
Minimal Extent	2.3% (1)	Indiana
No answers	93.2% (41)	Alabama, Alaska, Arizona, California, Colorado, Connecticut, Florida, Georgia, Hawaii, Idaho, Illinois, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, New Hampshire, New Jersey, New Mexico, North Carolina, North Dakota, Ohio, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, Wisconsin, Wyoming

§ State Scores and Sources of Successes and Shortcomings

The state performance reports and the national report cards should support each other. The state performance report should include systemwide as well as institutional results. The national report card should not ignore institutional results, since statewide results are unlikely to improve without highlighting the connection between statewide and campus performance. Statewide results are the culmination of a performance chain that begins on campus.

Measuring Up 2000 created considerable concern among state coordinating officials for higher education, but campus leaders may well feel they got a "bye" on accountability in the first round of report cards, since they did not include institutional results. Indeed, two of the essays in *Measuring Up 2002* seek to generate more interest by campus presidents and academic leaders in the report cards (pp. 64-68). The Kentucky Council On Postsecondary Education recognizes that some of the indicators must evaluate performance at the state level, such as college going, educational attainment, and high school course taking, while other measures should set institutional objectives to encourage changes directed toward the system wide goals (Kentucky Council on Postsecondary Education, March 19, 2001). Although *Measuring Up* is directed at state policy makers, it lets governors and legislatures "off the accountability hook" by not including a graded indicator of state funding for higher education. After all, the level of funding represents the most critical state policy decision for higher education.

Our new book on performance reporting seeks to fix responsibility for performance results by suggesting a limited list of common indicators for use in the national, state, system, and institutional reports on performance. Such a common list would allow policy makers at every level to track the sources of successes and shortcomings in higher education performance down and up the performance chain (Burke and Minassians 2002; see also Burke, Minassians, and Yang 2002). *Measuring Up 2000 and 2002* gives the state scores on its extensive list of indicators, but the lack of a common set of indicators for state, systems, and institutions means that it cannot identify the source of the problems.

§ Impact on Campus Performance

Of course, the bottom line in assessing performance funding, budgeting, and reporting is the extent to which each improves the performance of colleges and universities. A realistic assessment is still premature, since many of these programs are products of the mid to late 1990s, and most have been implemented for only a few years. However, it is not too early to begin a preliminary assessment of their effect on performance.

Last year, 42 percent of the SHEFOs claimed it was too early to evaluate the effect of performance funding on institutional improvement. This year that figure dropped to 28 percent. The other comparisons between the responses of the impact of performance funding on improvement in 2001 and 2002 remain similar, except for moderate extent, which shows a sizeable increase. These results are down from those in 2000 when 35 percent claimed great or considerable impact on improvement. Undoubtedly, better funding explains the greater impact in 2000. In that year, finance officers from South Carolina and Tennessee cited great extent, while those from Connecticut, Missouri, Ohio, and Oklahoma claimed considerable extent. In 2002, Connecticut still appeared in great extent and Ohio in considerable extent, but Tennessee had slipped to considerable extent and Missouri and South Carolina had fallen to moderate extent. Undoubtedly, budgetary problems that suspended or reduced allocations for performance funding explain this lowered assessment of impact on performance.

Program longevity and funding seems to make a difference since Tennessee, Missouri, Ohio, and South Carolina have had performance funding for some time and have supported them with sizeable sums, at least in past years. Although Florida's effort has existed for six years, its university sector has received scant funding in the last few budgets. (The new statewide governing agency proposes to end this practice by allocating ten percent of state support to campus results). Even respondents rating their program's effect on improvement as low say that performance funding has caused campus leaders to concentrate more on institutional performance.

This year's responses on the impact of performance budgeting on campus performance reveal only a slight slip in impact since 2001. No SHEFO now claims great extent in performance improvement, but moderate extent is slightly higher. More respondents say they cannot judge the impact, while fewer claim little or no impact. The responses for budgeting show somewhat less impact on campus improvement than performance funding.

Table 16. Extent of Performance Funding that Improved the Performance of Public Colleges and/or Universities		
2001		
Great Extent	5% (1)	Missouri
Considerable Extent	16% (3)	Ohio, South Dakota, Tennessee
Moderate Extent	16% (3)	Connecticut, Idaho, South Carolina
Minimal Extent	16% (3)	Florida, Louisiana, Oregon
No Extent	5% (1)	New Jersey
Cannot Judge	42% (8)	Arkansas, California, Colorado, Illinois, Kansas, New York, Pennsylvania, Texas
2002		
Great Extent	5.6% (1)	Connecticut
Considerable Extent	16.7% (3)	Ohio, South Dakota, Tennessee
Moderate Extent	27.8% (5)	Colorado, Idaho, Louisiana, Missouri, South Carolina
Minimal Extent	16.7% (3)	Florida, Oregon, Pennsylvania,
No Extent	5.9% (1)	Kansas
Cannot Judge	27.8% (5)	Illinois, New Jersey, New York, Oklahoma, Texas

The perceived impact of reporting on performance has remained fairly constant for the last two years despite rapid growth in the number of programs. The surprise is that SHEFOs think that performance reporting has had slightly more effect on improvement than performance budgeting and only marginally less effect than performance funding. This result would seem to support the claim of some state leaders that performance reporting gives them nearly the same or more impact on improvement than performance funding or budgeting, without the required or expected cost of those two programs.

Table 17. Extent of Performance Budgeting that Improved Performance of Public Colleges and Universities

2001		
Great Extent	3.7% (1)	Missouri
Considerable Extent	7.5% (2)	Louisiana, Maine
Moderate Extent	33.3% (9)	Connecticut, Hawaii, Idaho, Illinois, Iowa, Maryland, Michigan, Oklahoma, Oregon
Minimal Extent	18.5% (5)	Florida, Mississippi, Nebraska, New Mexico, Virginia
No Extent	15% (4)	Georgia, Nevada, Washington, Wisconsin
Cannot Judge	22% (6)	Alabama, California, Kansas, North Carolina, Texas, Utah
2002		
Considerable Extent	7.7% (2)	Louisiana, North Carolina
Moderate Extent	38.5% (10)	California, Hawaii, Idaho, Maryland, Michigan, Missouri, Nevada, New Mexico, Utah, Vermont
Minimal Extent	15.4% (4)	Connecticut, Illinois, Nebraska, Virginia
No Extent	7.7% (2)	Georgia, Mississippi
Cannot Judge	30.8% (8)	Arkansas, Florida, Iowa, Kansas, Maine, Oklahoma, Texas, Wisconsin

One question is whether the SHEFOs can discriminate the varying impacts on improvement of performance funding, budgeting, and reporting in the states that have one, two, or all three of these programs. For example, nine states have all three programs: Connecticut, Florida, Idaho, Illinois, Kansas, Louisiana, Missouri, Oklahoma, and Texas. Our analysis suggests that they can discriminate between the multiple impacts of the individual performance programs, since they rate each of the funding, budgeting, and reporting initiatives differently in assessing their impact on improvement. It is certainly too soon to conclude that performance reporting gives state policy makers at least or nearly as much "bang" for "no bucks," especially in a year when states had few bucks for performance funding. But the 2002 Survey suggests that SHEFOs — in a bad budget year — perceive that reporting has slightly more impact on improvement than budgeting and slightly less than funding.

Still, bad budget years — when some states have suspended allocations for performance funding — is hardly a fair time to test the relative impact of reporting, funding, or budgeting on improvement. In 2000, when states provided additional allocation for higher education, SHEFOs said performance funding had improved campus results to a great or considerable extent in over 35 percent of the states with that program. Conversely, performance budgeting had a similar impact in only 18 percent of the states, and performance reporting in just 17 percent. In other words, in periods of better budgets, SHEFOs considered the great or considerable impact of performance funding on campus improvement as double that of performance reporting and nearly double that of performance budgeting.

Table 18. Extent of Performance Reporting that Improved Performance of Public Colleges and/or Universities

2001		
Considerable Extent	13% (5)	Kentucky, Michigan, Missouri, South Carolina, West Virginia
Moderate Extent	36% (14)	Hawaii, Idaho, Illinois, Louisiana, Maryland, New Jersey, New Mexico, North Carolina, Pennsylvania, South Dakota, Tennessee, Utah, Virginia, Wyoming
Minimal Extent	15% (6)	Arizona, California, Florida, Massachusetts, Mississippi, Wisconsin
No Extent	8% (3)	Alabama, Rhode Island, Washington
Cannot Judge	28% (11)	Alaska, Colorado, Connecticut, Georgia, Kansas, Maine, Minnesota, North Dakota, Ohio, Oregon, Texas
2002		
Considerable Extent	13.6% (6)	Iowa, Michigan, North Carolina, South Carolina, Tennessee, West Virginia
Moderate Extent	34.1% (15)	Alaska, Colorado, Florida, Hawaii, Illinois, Kentucky, Louisiana, Maryland, Missouri, New Mexico, South Dakota, Utah, Vermont, Washington, Wisconsin
Minimal Extent	22.7% (10)	California, Connecticut, Idaho, Massachusetts, New Hampshire, New Jersey, Oklahoma, Oregon, Pennsylvania, Wyoming
No Extent	4.5% (2)	Arizona, Mississippi
Cannot Judge	25.0% (11)	Alabama, Georgia, Indiana, Kansas, Maine, Minnesota, North Dakota, Ohio, Rhode Island, Texas, Virginia

§ A Common and Fatal Flaw

Results from our previous surveys of state and campus leaders and our other studies on performance funding and performance reporting reveal a common fatal flaw. Those surveys show that both programs become increasingly invisible on campuses below the level of vice presidents, because of the failure to extend performance funding and reporting to the internal academic units on campus (Serban 1997; Burke and Associates 2002; Burke and Minassians 2002). These studies conclude that performance funding and reporting are unlikely to improve substantially the performance of colleges and universities unless they extend funding and reporting programs down to academic departments. The anomaly of all three accountability programs — funding, budgeting, and reporting — is that they hold states, systems, and colleges and universities responsible for performance, but campus leaders do not apply that same responsibility to the internal divisions that are largely responsible for producing institutional results.

§ Findings

Three general findings dominate the Sixth SHEFO Survey: the spread of performance reporting, the impact of bad budgets, and the predominance of accountability programs. More specific findings include the following:

- Performance reporting has become by far the preferred approach to accountability;
- *Measuring Up 2000* continued to spur interests in statewide performance reporting;
- State policy makers, especially legislators, see performance reporting as a "no cost" alternative to performance funding and performance budgeting;
- Budget problems since our 2001 Survey are eroding support for performance funding and budgeting;
- SHEFO predictions suggest that the persistence of deep budget problems will further diminish prospects for performance funding and perhaps performance budgeting; and
- A connection is needed between the statewide focus of *Measuring Up 2000* with the state and institutional emphasis of the state performance reporting.

§ Conclusion

After six years of surveys, some conclusions are clear, although each year seems to produce surprises that cloud that clarity. The drive toward accountability for performance has swept the country. Performance reporting is clearly the preferred program. It has spread to nearly all of the states, while the number of states with performance budgeting and funding has declined slightly. Bad budgets have spurred interest in state capitals in performance reporting as a "no cost" alternative to performance funding and budgeting. Only time will tell whether reporting is really a "no cost" approach to accountability or merely wishful thinking of legislators in bad budget times.

An obvious problem is how to provide the missing link between the statewide focus of the State Report Cards and the institutional emphasis of the State Performance Reports. We suggest a limited list of common indicators to connect the chain of performance campuses to states. At this point, one conclusion is clear. None of the performance programs of accountability for higher education and colleges and universities will ever work unless they reach down to the units really responsible for many results — the academic departments.

§ References

Burke, J.C., and Associates. *Funding Public Colleges and Universities for Performance: Popularity, Problems, and Prospects*. Albany, NY: The Rockefeller Institute, 2002.

Burke, J.C. and Minassians, H. P. *Linking Resources to Campus Results: From Fad to Trend: The Fifth Annual Survey: 2001*. Albany, NY: The Rockefeller Institute, 2001.

Burke, J.C. and Minassians, H. P. *Reporting Higher Education Results: Missing Links in Performance*. New Directions in Institutional Research, No. 116, San Francisco, CA: Jossey-Bass, December 2002.

Burke, J.C.; Minassians, H. P. and Yang, P. "State Performance Reporting Indicators: What Do They Indicate?" *Planning for Higher Education* 31 (2002): 15-30.

Burke, J.C. and Modarresi, S. *Performance Funding and Budgeting: Popularity and Volatility – The Third Annual Survey*. Albany, NY: Rockefeller Institute of Government, 1999.

Burke, J.C., and Modarresi, S. "To Keep or Not to Keep Performance Funding: Signals from Stakeholders." *The Journal of Higher Education* 71, 4 (2000): 432-454.

Burke, J. C., Rosen, J., Minassians, H., and Lessard, T. *Performance Funding and Budgeting: An Emerging Merger? The Fourth Annual Survey (2000)* Albany, NY: The Rockefeller Institute, 2000.

Burke J.C., and Serban, A.M. *Performance Funding and Budgeting for Public Higher Education: Current Status and Future Prospects*. Albany, NY: Rockefeller Institute of Government, 1997.

Burke J.C. and Serban, A.M. *Current Status and Future Prospects of Performance Funding and Performance Budgeting for Public Higher Education: The Second Survey*. Albany, NY: Rockefeller Institute of Government, 1998a.

Burke, J.C. and Serban, A.M. "Performance Funding for Public Higher Education: Fad or Trend?" *New Directions for Institutional Research*, Vol. 97 (Spring). San Francisco: Jossey-Bass, 1998b.

Christal, M.E. *State Survey on Performance Measures: 1996 - 97*. Denver: State Higher Education Executive Officers, 1998.

Kentucky Council On Postsecondary Education. Key Indicators of Progress Toward Postsecondary Reform, Agenda Item D-2, March 1991.

McKeown, M.P. *State Funding Formulas for Public Four-Year Institutions*. Denver, CO: State Higher Education Executive Officers, 1996.

The National Center For Public Policy And Higher Education, *Measuring Up 2000: The State-By-State Report Card For Higher Education*. San Jose, CA: The National Center For Public Policy and Higher Education, 2000.

The National Center For Public Policy And Higher Education, *Measuring Up 2002: The State-By-State Report Card For Higher Education*. San Jose, CA: The National Center For Public Policy and Higher Education, 2002.

Schmidt, Peter. "State Spending on Higher Education Grows by Smallest Rate in 5 Years," *The Chronicle of Higher Education*, January 18, 2002: A20.

Serban, A. M. "Performance Funding for Public Higher Education: Views of Stakeholders," in J.C. Burke and A. Serban, *Performance Funding and Budgeting for Public Higher Education: Current Status and Future Prospects.* Albany, NY: The Rockefeller Institute, 1997.

Appendix A

Characteristics of Performance Budgeting				
State	**Adoption Year**	**Mandated**	**Indicators**	**Initiation**
Alabama	2000	Yes	Yes	Governor
California	2000	No	No	Governor, System Boards
Connecticut	1999	Yes	No	Governor, University System
Florida	1994	Yes	No	Governor, Legislature
Georgia	1993	Yes	No	Governor
Hawaii	1975	Yes	No	Governor, Legislature
Idaho	1996	Yes	No	Legislature
Illinois	1984	No	No	Coordinating Board, University System
Iowa	1996	Yes	No	Governor
Kansas	1995	No	No	Coordinating Board
Louisiana	1997	Yes	No	Legislature
Maine	1998	Yes	No	Governor
Maryland	2000	No	No	
Massachusetts	1999	No	No	Legislature, Coordinating Board
Michigan	1999	No	No	Governor
Mississippi	1992	Yes	No	Legislature
Missouri	1999	No	No	Governor, Coordinating Board
Nebraska	1991	No	No	Coordinating Board
Nevada	2000	No	Yes	Governor
New Jersey	1999	No	No	Governor
New Mexico	1999	Yes	No	Legislature
North Carolina	1996	Yes	No	Governor
Oklahoma	1991	No	No	Coordinating Board
Oregon	1998	No	No	Coordinating Board
Texas	1991	Yes	Yes	Legislature
Utah	2000	No	No	Legislature, Coordinating Board
Virginia	1999	No	No	Governor,
Washington	1999	Yes	Yes	Legislature
Wisconsin	2000	No	No	Coordinating Board

Characteristics of Performance Funding				
State	**Adoption Year**	**Mandate**	**Indicators**	**Initiation**
Arkansas	2001	Yes	No	Legislature
California	1998	No	No	Community College System
Colorado	2000	Yes	No	Legislature
Connecticut	1985	Yes	No	Coordinating Board
Florida	1994	Yes	Yes	Governor, Legislature
Idaho	2000	No	No	Coordinating Board
Illinois	1998	No	No	Coordinating Board, College System
Kansas	2000	Yes	No	Governor, Legislature
Louisiana	1997	No	No	Coordinating Board
Missouri	1991	No	No	Coordinating Board
New Jersey	1999	No	No	Governor, Coordinating Board
New York	1999	No	No	University System
Ohio	1995	Yes	Yes	Coordinating Board
Oregon	2000	No	No	Coordinating Board
Pennsylvania (State System)	2000	No	No	University System
South Carolina	1996	Yes	Yes	Legislature
South Dakota	1997	No	No	Governor, Legislature, Coordinating Board
Tennessee	1979	No	No	Coordinating Board
Texas	1999	Yes	Yes	Legislature

Performance Reporting		
Program Initiation		
Mandated/ Prescribed	**Adoption**	**First Report**
Alaska	2000	2000
Colorado	1996	1999
Florida	1991	1993
New Jersey	1994	1996
South Carolina	1992	1996
Texas	1997	1999
Washington	1997	1999
West Virginia	1991	1992
Wyoming	1995	1997
Mandated/ Not Prescribed	**Initiated**	**First Report**
Arizona	1995	1997
California	1991	1992
Connecticut	2000	2001
Georgia	2000	2001
Hawaii	1996	1997
Iowa	2001	
Kentucky	1997	1997
Louisiana	1997	2001
Maryland	1991	1996
Massachusetts	1997	1998
Michigan	2000	2001
Minnesota	2000	2000
Mississippi	1992	
North Carolina	1991	1999
North Dakota	1999	2000
Utah	1995	1997
Vermont	2002	
Virginia	1995	2001

Performance Reporting (Continued)		
Not Mandated	**Initiated**	**First Report**
Alabama	1982	1983
Idaho	1991	1999
Illinois	1997	1999
Indiana	2002	
Kansas	2001	
Maine	2000	2001
Missouri	1992	1993
New Hampshire	2002	
New Mexico	1998	1998
Ohio	1999	2000
Oklahoma	1997	2000
Oregon	1997	1999
Pennsylvania	1997	2000
Rhode Island	1998	1998
South Dakota	1995	2001
Tennessee	1989	1990
Wisconsin	1993	1996

Appendix B
SURVEY OF STATE HIGHER EDUCATION FINANCE OFFICERS PERFORMANCE REPORTING, FUNDING, AND BUDGETING JULY 2002

NAME: ______________________________

STATE: ______________________________ **PHONE #:** ____________

Definitions:

Performance funding: Ties specified state funding directly and tightly to the performance of public campuses on performance indicators.

Performance budgeting: Allows governors, legislators, and coordinating or system boards to consider campus achievement on performance indicators as one factor in determining public campus allocations.

Section One: Performance Funding

1) Does your state currently have **performance funding** for public colleges and/or universities? Yes ❑ No ❑

If Yes,

2) What is the percent of funding allocated to performance funding for public colleges and/or universities in your state? ________________________%

3) Was it mandated by legislation? Yes ❑ No ❑

4) Were the indicators prescribed by legislation? Yes ❑ No ❑

5) Of the following, what individual or group(s) initiated **performance funding**?

Governor ❑
Legislature ❑
Coordinating board or agency ❑
University system(s) ❑
Other (please specify) ❑

---

6) In your opinion, to what extent has **performance funding** improved the performance of public colleges and/or universities in your state?

Great Extent ❑ Considerable Extent ❑ Moderate Extent ❑
Minimal Extent ❑ No Extent ❑ Cannot Judge ❑

7) How likely is it that your state will continue performance funding for public higher education over the next five years?

Highly Likely ❑ Likely ❑ Unlikely ❑ Highly Unlikely ❑
Cannot Predict ❑

<u>If no</u>,

8) How likely is it that your state will adopt **performance funding** for public higher education in the next five years?

Highly Likely ❑ Likely ❑ Unlikely ❑ Highly Unlikely ❑
Cannot Predict ❑

<u>Section Two: Performance Budgeting</u>

9) Does your state currently have **performance budgeting** for public colleges and/or universities? Yes ❑ No ❑

If Yes,

10) Was it mandated by legislation? Yes ❑ No ❑

11) Were the indicators prescribed by legislation? Yes ❑ No ❑

12) Of the following, what individual or group(s) initiated **performance budgeting**?

Governor ❑
Legislature ❑
Coordinating board or agency ❑
University system(s) ❑
Other (please specify) ❑

---

13) In your opinion, to what extent has **performance budgeting** improved the performance of public colleges and/or universities in your state?

Great Extent ❑ Considerable Extent ❑ Moderate Extent ❑
Minimal Extent ❑ No Extent ❑ Cannot Judge ❑

14) How likely is it that your state will continue **performance budgeting** for public higher education over the next five years?

Great Extent ❑ Considerable Extent ❑ Moderate Extent ❑
Minimal Extent ❑ No Extent ❑ Cannot Judge ❑

15) Does the **performance budgeting** program earmark a certain dollar figure or percent of state support for allocation to colleges and universities? Yes ❑ No ❑

16) How would you describe the actual effect of performance budgeting in your state on the funding of public colleges and universities?

Great Effect ❑ Considerable Effect ❑ Moderate Effect ❑
Minimal Effect ❑ No Effect ❑ Cannot Judge ❑

If no,

17) How likely is it that your state will adopt **performance budgeting** for public higher education in the next five years?

Highly Likely ❑ Likely ❑ Unlikely ❑ Highly Unlikely ❑
Cannot Predict ❑

18) Is **performance budgeting** used in your state for other state agencies besides higher education? Yes ❑ No ❑

Section Three: Performance Reporting

19) Does your state currently have **performance reporting** for public higher education?
Yes ❑ No ❑

If Yes,

20) Was it mandated by legislation? Yes ❑ No ❑

21) Were the indicators prescribed by legislation? Yes ❑ No ❑

22) Of the following, what individual or group(s) initiated **performance reporting**?

Governor ❑
Legislature ❑
Coordinating board or agency ❑
University system(s) ❑
Other (please specify) ❑

---

23) In your opinion, to what extent has **performance reporting** improved the performance of public colleges and universities in your state?

Great Extent ❑ Considerable Extent ❑ Moderate Extent ❑
Minimal Extent ❑ No Extent ❑ Cannot Judge ❑

24) How likely is it that your state will continue **performance reporting** for public higher education over the next five years?

Highly Likely ❑ Likely ❑ Unlikely ❑ Highly Unlikely ❑
Cannot Predict ❑

25) Do the coordinating and/or system governing boards consider performance reports in the allocation of resources to colleges and universities? Yes ❑ No ❑

26) Has your State revised its performance report based on its scores on the state-by-state report card *Measuring Up 2000*, published by the National Center for Public Policy and Higher Education? Yes ❑ No ❑

If Yes, to what extent?

Great Extent ❑ Considerable Extent ❑ Moderate Extent ❑
Minimal Extent ❑ No Extent ❑ Cannot Judge ❑

27) How likely is it that your state will revise its performance report in the future based on *Measuring Up 2000?*

Highly Likely ❑ Likely ❑ Unlikely ❑ Highly Unlikely ❑
Cannot Predict ❑

If no performance reporting,

28) How likely is it that your state will adopt **performance reporting** for public higher education in the next five years?

Highly Likely ❑ Likely ❑ Unlikely ❑ Highly Unlikely ❑
Cannot Predict ❑

Comments:

____

____

____

____

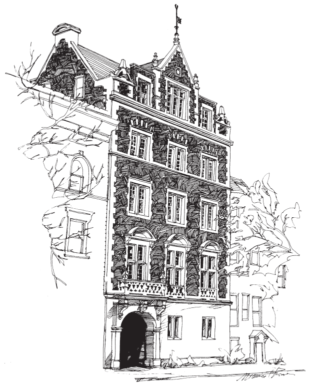
____

____

____

Notes:

NONPROFIT
ORG.
U.S. POSTAGE
PAID
ALBANY, N.Y.
PERMIT NO. 21



**The
Nelson A.
Rockefeller
Institute
of
Government**

*The State University
of New York*

411 State Street
Albany, New York 12203-1003