

## Upcoming at the Pope Center

New Report out  
in May!

*General Education  
at NC State*

Celebrate Milton  
Friedman's Birthday  
with the Pope Center!

July 31st  
Location TBD

# Do You Agree?

“The relationship between the board and the president is an intricate dance; a bolero or pasodoble—at times the partners are close together, at other times distance lends enchantment to the view.”

Stephen Joel Trachtenberg, Gerald B. Kauvar, E. Grady Bogue  
Authors, *Presidencies Derailed*

The goal of this letter is to help university trustees and governors to do a better job by being frank and thought-provoking.

Jane S. Shaw, President  
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# Governance

HIGHER EDUCATION NEWS FOR UNIVERSITY GOVERNORS AND TRUSTEES

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## Faculty Assembly Takes A Narrow Path

The newly designed website for the University of North Carolina system has a page devoted to the Faculty Assembly, an elected group representing all UNC campuses that advises the UNC Board of Governors.

The Assembly has a “resource” page with links to information sources such as government offices and political representatives.

Only one North Carolina think tank is listed, and it's not the Pope Center (the only public policy group in North Carolina focusing exclusively on higher education).

The Assembly chose NC Policy Watch, the “progressive, nonprofit and non-partisan public policy” project of the NC Justice Center, an advocacy group.

In spite of its name, the group and its director Chris Fitzsimon are not policy “watchdogs.” When they deal with UNC issues, they are cheerleaders. They call for increased university funding and label anyone who disagrees as a radical right-winger.

That may suit the faculty but does it suit the Board of Governors? ■

Jenna Ashley Robinson  
Jane S. Shaw



## The Shift to Performance Funding

Jenna Ashley Robinson

State legislatures around the country are abandoning traditional ways of budgeting for universities in favor of “performance funding.” That is, they are setting up measures that make some funding dependent on meeting specific standards. The North Carolina General Assembly is among them.

Historically, state funding for UNC campuses has been calculated using student enrollment figures plus formulas based on faculty salaries and estimated faculty workloads. This means that universities in the system have a strong incentive to increase enrollment and keep faculty salaries and benefits high.

UNC is beginning to move away from that method of budgeting. The system's strategic plan calls for including performance in addition to enrollment. The current plan names graduation rates, energy efficiency, and cost per degree among several other proposed measures.

Last year, Governor Pat McCrory revealed his own idea of performance funding—putting the emphasis on graduates' career success rather than

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internal metrics. “I think some of the educational elite have taken over our education where we are offering courses that have no chance of getting people jobs,” McCrory told former education secretary Bill Bennett during a widely publicized radio interview.

On its face, performance funding sounds good. Rewarding schools that perform well and giving those that don’t incentives to improve can be a powerful tool. But not all performance funding measures are equal.

Good metrics must be objective, meaningful, and not vulnerable to manipulation. They range from job placement goals to holding down tuition. Here are some of the metrics that meet those standards across the country:

- Florida’s university system is considering the inclusion of job placement as a performance funding measure. Tennessee already uses it.

- In Louisiana, university performance is measured, when applicable, by passage rates on licensure and certification exams.
- Mississippi universities are funded for credit-hour completions rather than enrollments.
- Michigan creates a monetary incentive for universities to keep tuition increases to four percent or less. Additionally, universities must make it easy to transfer from community colleges and accept dual enrollment credits.
- Missouri uses a battery of performance measures, including licensure/certification exam results and pass rates and assessment results in a student’s major field and general education. To encourage financial responsibility, Missouri also uses the share of educational spending on the school’s core mission, revenue growth per full-time equivalent student, and completed credit hours per \$100,000 of state appropriations.
- Pennsylvania measures private support dollars, administrative expenditures as a percentage of educational costs, faculty productivity, and employee productivity. The state also uses results from the National Survey on Student Engagement and other assessments, including the College Learning Assessment.
- Virginia includes facilities use in its performance measures.

Two other possibilities should be considered. One would be to make transparency a performance metric. This could be measured by full participation in the Voluntary System of Accountability (in which schools publish metrics such as their scores on the College Learning Assessment), publication of syllabi, publication of financial data, or all three.

The second possibility would be to use student loan default rates as a measure, as suggested by Andrew Gillen of the American Institutes for Research. Such a measure would help schools approximate how much students benefit from their education and would keep downward pressure on tuition. ■

## Why the UNC Board of Governors Needs a Staff (of One)

Jane S. Shaw

For several years the Pope Center has proposed that the UNC Board of Governors needs its own executive secretary or executive director. A recent incident adds fuel to our argument.

During the summer of 2012, the UNC Board of Governors and the General Administration grappled with a perennial issue, tuition. At the time, a policy introduced by former university president Erskine Bowles required that 25 percent of campuses’ tuition increases be set aside for need-based financial aid. But board members had heard from parents, including financially struggling parents, who didn’t feel they should pay for other students’ tuition.

Working with the administration, the board came up with a compromise: Each campus would decide how much should go to need-based aid, and parents would be informed of the amount of “financial set-asides” on tuition statements.

A year or so later, a new board member, Champion Mitchell, noticed that it was impossible to find the amount of financial set-asides on the tuition bills. He took an exhaustive look at the tuition statements of all the universities and found only one (North Carolina Central) that actually mentioned the amount of money going to need-based aid—and even that was buried deep in a long paragraph. No school specified the percentage of aid.

“As you will see,” he wrote to fellow board members, “with one exception, that ‘disclosure’ is so general, generic and non-specific that it is in truth rather meaningless.”

So at a public board meeting he asked that the notice be made more visible.

That led to a time-consuming process of fixing the problem. The chairman formed a committee, which met with the General Administration at least three times to agree on a more meaningful statement.

The good news: the committee was successful.



Starting this fall parents will know just where the tuition is going.

But all that time spent could have been short-circuited if the Board of Governors had specified how the set-asides were to be described.

The minutes of September 14, 2012, show that the board voted on the plan to inform parents in a list of administrative action items. That is, the final vote was made without discussion.

But what did the board approve? A statement and a sample letter to accompany tuition bills, prepared by the General Administration.

The letter included the statement that “those funds will be used to (list of institution-specific uses as approved by the Board of Governors).” In other words, instead of making clear that parents were to know how much tuition was going to need-based aid, it proposed that the campuses include a general list of uses.

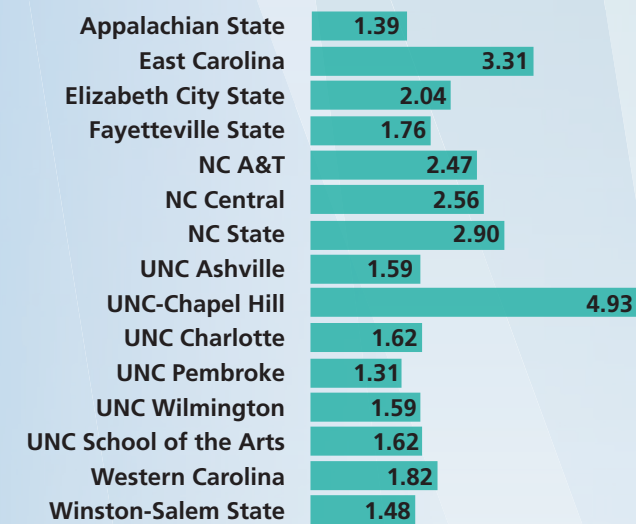
The document, written by the administration, failed to accomplish the objective even though that objective had been previously discussed at several meetings.

The fault, however, doesn’t lie with the administration, but with the board. It failed to make sure that the consensus of the board was embodied in the language of the motion.

So back to my point. If the board had an executive secretary who could review the materials and assess them before they are approved, such wasteful missteps would be less likely to occur. ■

### MORE ADMINISTRATORS OR FACULTY?

Professional, paraprofessional, and clerical administrators outnumber full-time faculty at every university in the UNC system. In 2010-11, at UNC-Chapel Hill, there were nearly five administrators for every full-time faculty member. Imbalances vary across schools, as these ratios of administrators to faculty reveal:



Source: IPEDS