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OUTCOMES-BASED FUNDING AND STAKEHOLDER ENGAGEMENT

EXECUTIVE SUMMARY

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Executive Summary

Effective engagement of college and university administrators, faculty and staff can strengthen the design, implementation and sustainability of outcomes-based funding policies. This institutional stakeholder engagement proceeds from people's starting-point attitudes and works to mend the splits and disconnects among stakeholders—whether due to inadequate information, misunderstandings, clashing values or disagreements over implementation details—in order to make progress on a policy issue. Such engagement strategies help decision-makers better understand the source of gaps between institutional stakeholders and allows for the design and implementation of effective, sustainable policy that best meets the needs and interests of the people it is meant to serve. Institutional stakeholder engagement strengthens and accelerates the design and implementation of solutions to complex and controversial issues in at least two important ways: 1) by harnessing stakeholder experience and creativity during initial design and mid-course reassessments; and 2) by ensuring the legitimacy of policy decisions.

Outcomes-Based Funding Stakeholder Attitudes

Public Agenda collected data from more than 60 focus groups, a statewide exploratory faculty, staff and administrator survey, interviews with outcomes-based funding experts and a review of outcomes-based funding policy research. Public Agenda also heard from more than 1,000 faculty and administrators on outcomes-based funding at dozens of campuses in three states, representing a wide swath of higher education stakeholders. Across the board, stakeholders are genuinely interested in the welfare and success of students. Among all groups of institutional stakeholders, there was a general agreement that, if "done right," outcomes-based funding could benefit students, institutions and states. The idea of creating the incentive for student success and completion through funding carries a logic that many people can understand. Moreover, many faculty, staff and administrators are genuinely interested in being part of discussions about metrics that would effectively measure student learning, be difficult to "game," and might truly spur institutions to improve student outcomes.

At the same time, institutional stakeholders have concerns about outcomes-based funding. Even those stakeholders who are convinced of its benefits are often concerned that outcomes-based funding could have unintended negative consequences, such as lower academic standards, restricted student access among less-selective or open-enrollment institutions, and the elimination of academic programs that take longer to complete. Many institutional stakeholders worry that policymakers are not sufficiently considering the obstacles and potential unintended negative effects of outcomes-based funding in its current form. Understanding such concerns early on and responding to them thoughtfully can make the difference in being able to engage people in productive ways that keep the policy process moving forward.

Recommendations for Policymakers

Large-scale, complex change such as outcomes-based funding requires institutional stakeholder engagement at all stages of policy-making and implementation. To conduct engagement efforts effectively and maximize the opportunity for success, policymakers should:

1. **Commit to frequent, consistent and honest communication with institutional stakeholders.**

Engage stakeholders as active partners in the creation and implementation of high-caliber, outcomes-based funding policies, metrics and programs. Use multiple channels to disseminate information and publicize opportunities for input, especially from faculty and mid-level administrators. Resist the temptation—whether from fears about resistance and pushback, tight time frames or political pressures—to minimize the anxiety, confusion and legitimate concerns stakeholders may have.

2. **Prioritize institutional stakeholder groups for engagement.**

Consider three criteria: those groups that are most affected by a policy, those that may have useful insights into the policy, and those that are critical to the successful implementation and sustainability of the policy.

3. **Prioritize individuals *within* institutional stakeholder groups.**

Go beyond the “usual suspects”—people who tend to volunteer or who have the loudest voices—with special outreach to three groups: stakeholder leaders who can sway others, who know where the change levers are, and who are trusted to represent stakeholder groups’ perspectives, concerns and ideas; average stakeholders who can help decision-makers better understand the viewpoints of most people; and thoughtful skeptics who carefully weigh the pros, cons and trade-offs of outcomes-based funding, and whose considered judgment helps to design more effective policy that resonates with the stakeholder group.

4. **Be thoughtful about the scope of engagement efforts.**

While there is no formula to determine how much engagement is enough, policymakers should ask themselves two questions: Have the engagement efforts hit the point of diminishing returns in learning and gaining insights to improve the policy? And, have the engagement efforts reached a point where most of those involved would judge that enough people have been authentically engaged to legitimize the policy outcome?

5. **Use a combination of strategies to engage institutional stakeholders throughout the policy process.**

Strategies include:

- a. **Listen and consider**—Decision-makers should begin by listening and assessing stakeholder starting-point attitudes. As the policy process continues, decision makers must continue to listen and learn from the knowledge, experience and evolving judgment of stakeholders.
- b. **Communicate and inform**—Decision-makers must provide regular, clear and consistent information to stakeholders about the decision-making process and policy goals. Based on their assessment of stakeholder starting-point attitudes, messages ought to acknowledge and

address stakeholder perspectives, both positive and negative. Stakeholders are unlikely to support or advance the implementation of institutional change unless they are aware of the change and are convinced that it will benefit their organization.

- c. Provide opportunities for dialogue and deliberation**—Without opportunities for deliberation, stakeholders will be stuck in their starting-point attitudes and less likely to hear competing arguments, to weigh trade-offs and to understand the political and economic realities that are driving outcomes-based funding policies around the country.
 - d. Support collaborative learning**—Engagement strategies ought to help build the capacity of stakeholders to collaboratively and continuously measure progress and quickly respond to program success and failure.
- 6. Nurture partnerships that support positive student outcomes.**
- Policymakers, institutional leadership, faculty and staff all share the goal of student success. Done well, the design and implementation of outcomes-based funding is an excellent opportunity for these stakeholders to develop the partnerships necessary to advance student outcomes. Policymakers ought to take the time and effort required to foster and nurture such partnerships.