Abstract

As the architect of the oldest and most stable performance-funding program, Tennessee provides a unique opportunity to analyze the impact of changes in performance-funding policies on changes in institutional retention and six-year graduation rates over time. Utilizing spline linear mixed models, this study examines the impact of changes in Tennessee’s performance-funding policies on retention and six-year graduation rates at public four-year institutions from 1995-2009. The results show tying retention and graduation rates to performance-funding was unrelated to changes in the performance measures over the fifteen year period examined. Additionally, the doubling of the monetary incentive associated with the retention and six-year graduation rate measures in 2005 was not associated with increases in retention rates. These results suggest that at their current funding levels, states’ adoption of performance-funding programs, such as the one in Tennessee, may be insufficient to incentivize changes in institutional outcomes as desired by state leaders.

Keywords

Performance-funding, accountability, graduation, retention.