

Federation of New Brunswick Faculty Associations



**Position Paper on the Implementation of Performance-based Funding
in New Brunswick Public Universities**

Fredericton
January 2020

Abstract

This paper lays out the reasons behind the position taken by the Federation of New Brunswick Faculty Associations against the funding of the public universities of the province on the basis of performance measurement.

We argue, first, that the public universities of New Brunswick are already subjected to a wide range of accountability measures; second, that the motivation to implement performance-based funding (PBF) stems from serious misunderstandings about public universities; third, that the implementation of PBF in various jurisdictions around the world over the past 30 years demonstrates that it is not the answer to the real problems experienced by public universities; and fourth, that what public universities need instead is a consistent and adequate level of funding that will enable them to fulfil their fundamental teaching and research missions, while preserving academic freedom and institutional autonomy.

The Federation of New Brunswick Faculty Associations represents the interests of the 1,500 professors, librarians and researchers, employed full-time and part-time, on five campuses of the four New Brunswick public universities. It promotes the improvement of professional standards and the quality of higher education in the province.

Introduction

The very essence of the university in Canada is at risk of changing in ways that undermine the best of what the academic tradition has to offer. In postwar Canada, higher education was the essential public service enabling veterans to return to civilian life and contribute to the modern economy. It was understood that governments would adequately fund public universities with the aim of increasing student participation and thus democratizing post-secondary education. In return, the university would assume the institutional autonomy and the academic freedom necessary to carry out its fundamental teaching and research missions.¹

The concept of performance-based funding (PBF) is one significant way in which the integrity of universities is threatened. PBF involves allocating resources based upon the achievement of selective targets, i.e., performance indicators (PIs). It has been used in many jurisdictions around the world.² Theoretically, organizational behavior is expected to respond to the actions of external agents who control the resources; changes in resource availability should lead to adaptation to ensure organizational viability.³ PBF is rooted in the belief that institutions are rational actors who will maximize rewarded outcomes.⁴

This is problematic on many levels. With this document, the Federation of New Brunswick Faculty Associations wishes to explain its position on the implementation of PBF in the public universities of the province.

This position paper addresses the following issues: a) the public universities' current accountability structures, b) the reasons behind the push for PBF, c) the problems with PBF, and d) what are we to do instead of PBF.

Performance-based funding:

PBF in higher education is a funding system whereby a portion of a government's higher education budget is allocated according to specific performance measures such as, course completion, retention, and degree completion instead of allocating funding solely on the basis of enrolment.

The system is predicated on goal setting (either by the government or at the institutional level), measurement of progress and indicators in various areas; and incentives, which can be either financial or regulatory.

(COU, 2013, p. 3)

¹ OCUFA (2006a, p. 7).

² Spooner (2019, p. 3).

³ Barnetson & Cutrigh (2000, p. 279).

⁴ Fisher et al. (2000, p. 7).

Public Universities' Current Evaluation and Accountability Structures

At their core, public universities operate on the basis of academic freedom and institutional autonomy.

This does not mean that universities are not accountable, to the contrary. There are myriad ways in which universities, and the personnel who work within them, are accountable.

Academics (professors, librarians, researchers, administrators) answer to evaluation requirements throughout their careers. This occurs first through supervisor reviews in graduate school, and next during the hiring, appointment, tenure and promotion procedures; the work of academic professionals is further evaluated through the required submission of annual reports, student course evaluations, research grants competitions, and the peer-review process inherent to academic publication.⁵ An unsatisfactory performance can be sanctioned in different ways, including denial of promotion, denial of tenure, denial of wage increases or denial of sabbatical leave, for example.

Regular program curriculum reviews (which include their own assessments of departmental faculty members) are conducted, as mandated in New Brunswick by the Maritime Provinces Higher Education Commission (MPHEC). Such reviews call upon the expertise of faculty outside the host institution; they help keep teaching curricula up-to-date in light of ever-changing social, political and cultural landscapes as well as developments in disciplinary priorities in teaching and research.⁶ Additionally, boards of governors review university presidents and rectors' performances and the financial statements of universities are audited annually by independent accounting firms. Finally, since 2018, the government of New Brunswick holds annual hearings with

Academic Freedom: the freedom of teachers and students to teach, study, and pursue knowledge and research without unreasonable interference or restriction from law, institutional regulations, or public pressure. Its basic elements include the freedom of teachers to inquire into any subject that evokes their intellectual concern; to present their findings to their students, colleagues, and others; to publish their data and conclusions without control or censorship; and to teach in the manner they consider professionally appropriate. For students, the basic elements include the freedom to study subjects that concern them and to form conclusions for themselves and express their opinions.

(Encyclopedia Britannica)

Institutional autonomy: the necessary degree of independence from external interference that the University requires in respect of its internal organisation and governance, the internal distribution of financial resources and the generation of income from non public sources, the recruitment of its staff, the setting of the conditions of study and, finally, the freedom to conduct teaching and research.

(IAU, 1998)

⁵ OCUFA (2006b, pp. 10-12).

⁶ OCUFA (2006b, p. 13). For more on the MPHEC Ongoing Quality Assurance program, see: <http://www.mphec.ca/quality/ongoing-qa.aspx>.

public university administrators under the auspices of the Public Accounts' Select Committee on Public Universities.

Consequently, over the past decades, our universities have responded to changing times and priorities. Some programs of study have been abandoned, some have been modified while new programs have been implemented. Computers and smart classrooms are now staple features of our institutions. Mental and physical health services are accessible to students and faculty alike. Ancillary services dedicated to ensuring the success of students are available.

The Push Toward Performance-based Funding

The concept of PBF has been applied to some universities beginning in the late 1970s, early 1980s.⁷ Canada has seen its share of attempts to implement PBF over the years.⁸ Those attempts coincide with the gradual withdrawal of the government in funding public universities, as has been the case in New Brunswick where it assumed 80% of the cost back in the 1980s compared with 58% now. The universities of Ontario and Alberta are, of late, the most recent targets of PBF.⁹

Here in New Brunswick, it appears that the concept of PBF for public universities is also being considered.¹⁰ To be sure, the Government of New Brunswick is genuinely concerned, among other things, with the forecast of 120,000 jobs becoming vacant within the next ten years; according to the document released by the provincial government this year, 27.3% of those jobs (approx. 33,000) are estimated to require a combination of university education and work experience. Everything indicates that those jobs will be difficult to fill given the accompanying demographic and economic prospects for the province.¹¹

The interest in PBF for public universities is not new for New Brunswick. For instance, on 19 February 2016, the provincial government held a post-secondary education stakeholder meeting – *Vision for Post-Secondary Education: Maximizing Our Investment*¹² – where the possibility of tying PIs to the funding of public universities was introduced. The PowerPoint presentation shown to the participants was quite revealing with respect to the reasons behind the government's intentions, one of the slides carrying the following statement: "Government strategies to deliver a better education to more students with less funding".¹³ That statement falls in line with what has been observed and experienced in other jurisdictions, in Canada and abroad, when it comes to the real motives behind PBF, i.e., keeping the cost of post-secondary education down. Fortunately, that plan was never put in place here.

⁷ Dougherty et al. (2014).

⁸ OCUFA (2006a, 2006b, 2011); Polster and Newson (2015).

⁹ Spooner (2019).

¹⁰ Waugh (2019, 17 August).

¹¹ New Brunswick (n. d., p. 7).

¹² PETL (2016).

¹³ PETL (2016, p. 13).

The logic that leads governments to consider implementing PBF in public universities is based on two significant misunderstandings with respect to public universities. One of those misunderstandings is that university graduates are not yet ready to enter specific sectors of employment; the other misunderstanding is that the funding of universities is simply a cost that must be kept as low as possible, and that the latter can be achieved without negative consequences.

Those misunderstandings need to be addressed. In the first instance, the error stems from the belief that there exists a direct and inescapable “pipeline effect” between university programs of study and seemingly related employment sectors. This may be true, to a certain extent, in a few specific cases, such as nursing, social work or engineering. But in many cases, there is no such direct, lasting transition between a given program of study and a specific sector of employment, as a study conducted by Higher Education Quality Council of Ontario (HEQCO) demonstrated.¹⁴ In the words of HEQCO: “what is remarkable is that every occupational area draws employees from a variety of fields of study. In short, it is hard to say where a bachelor’s degree might lead someone to work and many pathways exist.” The same observations can be gleaned from a study conducted by the British Council.¹⁵ Closer to home, the MPHEC found that 98% of the New Brunswick university graduates of the class of 2012 had found work by 2018; 89% of them were employed full-time.¹⁶ Simply put, the push for PBF in public universities is looking at the job fulfilment problem from the wrong angle.

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(HEQCO, 2015)

The above requires further discussion regarding the responsibility of employers to provide their employees with job specific training as well as what studies reveal about what employers are looking for in their employees. On the one hand, what appears to have indeed changed over time is the duty on the part of employers to do their part in providing the training specific to the jobs they wish to fill. That responsibility is now assumed to belong to post-secondary education institutions, universities included. That shift in thinking occurred with little insight into what universities are about or the way a person’s education and career unfold throughout their life. On the other hand, surveys conducted with employers invariably demonstrate that they primarily seek soft skills in job candidates, such as communications, research and analysis, flexibility, teamwork and leadership.¹⁷

¹⁴ HEQCO (2015).

¹⁵ British Council (2015).

¹⁶ MPHEC (2016, 2019).

¹⁷ Murthy (2015).

In the second instance, the error stems from the belief that the university funding envelope, standing currently at \$226 million in New Brunswick, is enough. Meanwhile, the true cost of an adequate university education is never discussed. Universities are simply expected to make do with the share that the funding formula allots them. Meanwhile, the total amount of money to be distributed according to the funding formula depends entirely on the whims of the government of the day. Consequently, year to year, we have seen freezes imposed on the envelope, as well as small annual increases of about 1% or 2%. The true cost of university education would entail, among others, adding to the current \$226 million envelope the contributions of the students and their parents in the form of tuition, textbooks and various ancillary fees. Furthermore, public universities now rely extensively on part-time and short-term contract faculty to teach a large portion of the courses they offer.¹⁸ That situation stems from the cost-saving measures adopted by chronically underfunded universities. A serious conversation about the consequences of that situation for New Brunswick's youths has unfortunately never taken place.

What the current university funding practice in New Brunswick further misses is the true return on investment that it represents. Each dollar of funding received by a public university has been demonstrated to add to the gross domestic product (GDP) of the province.¹⁹ Conversely, restricting the public universities' funding envelope, as has been the case for decades, hinders the universities' contributions to the growth of the GDP²⁰ and ultimately cheats the population of New Brunswick of a fair chance to improve their life situation through university education and the advancements that university research could otherwise provide.

It must be stressed in closing this section of the paper that it must not be understood as an endorsement of a purely mercantile vision of public universities. It is meant to answer common and oft repeated criticisms and misunderstandings regarding universities. To be sure, universities have diverse functions, provide services and contribute useful knowledge, beyond what can be expressed solely in monetary terms.

Problems with Performance-based Funding

The main question remains: Does PBF help universities achieve their fundamental teaching and research missions?

One of the most enthusiastic proponents of PBF in Canada is the HEQCO. Yet, the comprehensive review of the literature and the consultation of experts HEQCO undertook a few years ago did not paint a promising picture for the implementation of PBF in Canada.²¹ The evidence is underwhelming. The capacity of PBF to influence universities to create the environment that will improve desired outcomes, such as student admission, retention and graduation (presumably in

¹⁸ Foster and Birdsell Bauer (2018).

¹⁹ Gardner Pinfeld (2010, 2011); Beaudin et al. (n.d.).

²⁰ As per the concept of the multiplier effect.

²¹ Ziskin et al. (2014). The same can be said of a report published by the C. D. Howe Institute (Usher, 2019).

specific programs), employment following graduation and levels of income, has not been observed to happen. Despite the poor results, HEQCO insists on remaining positive; this positive outlook is steeped in a heavy dose of wishful thinking, professed while clutching at straws. Unfortunately, HEQCO missed the opportunity offered by the realization that PBF does not deliver on its promises to figure out what universities really need instead. We will come back to that question in the next section of this paper.

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In light of the poor results obtained following the implementation of PBF, many countries came to their senses and phased it out. For example, increased government expenditures in the United Kingdom dedicated to tracking quality measurements did not allow for the hiring of a single professor, the creation of a single scholarship or the purchase of a single computer.²²

In New Zealand the universities came to be regarded as corporate entities, students as their customers and the teacher-student relationship more contractual than pedagogical. Significant faculty brain drain toward universities abroad and the criticism directed at the political establishment for neglecting to nurture a research culture with the right mix of funding incentives and the promotion of a spirit of intellectual inquiry caused the New Zealand government to acknowledge its mistakes and recognize that the more one aims for measurable quality, the more removed one gets from the real world and its priorities and timeframes.²³

PBF was never about achieving the fundamental missions of the university; it is about budget cuts and control to be exercised by government; it adds another layer of unnecessary bureaucracy to which universities must respond to the detriment of their fundamental mission.

Furthermore, the following is a summary of the problems identified in universities subjected to PBF:

- The increased costs related to PBF conformity (increases in salary and administration costs for senior and middle management) can easily exceed the amount of government funding the institution will receive for achieving the expected performance.
- Institutions can find themselves forced to meet objectives irrespective of their mission and mandate.
- PBF short-term requirements neglect an important aspect of the university's reality: universities often operate on long-term cycles; reliable results often cannot be reported

²² OCUFA (2006a, p. 2).

²³ OCUFA (2006a, p. 4).

with accuracy until several years of research and observation are completed, while PBF creates the misapprehension that short-term results can be expected.

- Smaller and newer universities find it more difficult to perform well under a PBF regime; this can potentially lead to penalizing an already poorly-funded university.
- PBF often creates a context for punitive measures as opposed to incentives to improve.

What Should We Do Instead?

If not PBF, then what should we do instead?

Studies seeking to identify which factors enable someone to attend university, do well, and obtain a diploma, all come to the same conclusions. On the one hand, having at least one parent who attended university is closely correlated with their own children's probability of a successful university education.²⁴ On the other hand, the lower the tuition fees, the more likely one is to attend university and graduate.²⁵

What does this mean for New Brunswick? Our province has the lowest percentage of population holding a university diploma; it has been the case for at least the past decade and the gap between New Brunswick and the rest of Canada is widening (see appendix A, p. 14). Consequently, New Brunswick youths have the lowest odds of having a parent who attended university. This leaves tuition fees, and related costs, as the main factor upon which the provincial government can act and achieve tangible results for New Brunswick to catch up to the rest of the country and gain a solid education foothold into the 21st century.

In light of the above, to the extent that New Brunswick did see student enrolment increase in its public universities over the past two decades, especially with respect to students from low-income households, this happened when the government improved financial help programs, making education more affordable.²⁶ This is all the more significant when one considers the fact that the average student debt for New Brunswick residents is the highest in Canada at \$35,200, compared with the national average standing at \$22,300.²⁷ Subjecting public universities to PBF will accomplish nothing in terms of what they need and what is known to work; it will only be a waste of time and energy for all involved.

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²⁴ Finnie et al. (2015); Vaccaro (2012, p. 8).

²⁵ Bastien et al. (2014).

²⁶ Ford et al. (2019).

²⁷ Conrad (2019, 9 October).

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What New Brunswick universities need to ensure a quality education and research is an adequate multi-year investment with a guarantee that academic freedom and institutional autonomy will be maintained. If the government wants to achieve maximum impact it must direct appropriate funding to significantly lower tuition and hire more tenure-stream professors, librarians and researchers, instead of expecting fewer of them to do more.

Conclusion

Academics have resisted PBF arguing that it is reductionist, based on an inaccurate and limited understanding of universities and that it requires universities to generate an inordinate amount of data for the benefit of external bodies with no added value for universities. PBF often fails to recognize academic innovation and university service to the community. The academic community supports transparency and the need for quality control, but the issue has more to do with adequate multi-year funding than it has to do with creating performance measurements directly linked to large portions of an otherwise insufficient level of funding.

All too frequently the goal of assessing institutional quality becomes hindered in the process of determining the most accessible measurement criteria. PBF rarely translates into improved quality in our university classrooms and useful research outcomes because the PIs deployed fall far short of reflecting the breadth and depth of quality education and research.

Our paper has persuasively argued, first, that the public universities of New Brunswick – their faculty, librarians, researchers and administrators alike – are already subjected to a wide range of accountability measures. Second, the motivation to implement PBF comes from profound misunderstandings about public universities. Third, the implementation of PBF and PIs conducted in various jurisdictions around the world over the past 30 years demonstrates that they are not the answer to the real problems experienced by public universities. Fourth, what public universities need instead is a consistent and adequate level of funding that will enable them to fulfil their fundamental teaching and research missions, while preserving their academic freedom and institutional autonomy. The latter point is made more evident by the realization that, on the one hand, the adequate funding of public universities is an investment with assured return; and that, on the other hand, the affordability of university education is the surest way for the population of the province to obtain a university diploma and catch up to the rest of Canada.

In consideration of the arguments presented throughout this paper, the Federation of New Brunswick Faculty Associations opposes the funding of the public universities of the province on the basis of performance indicators.

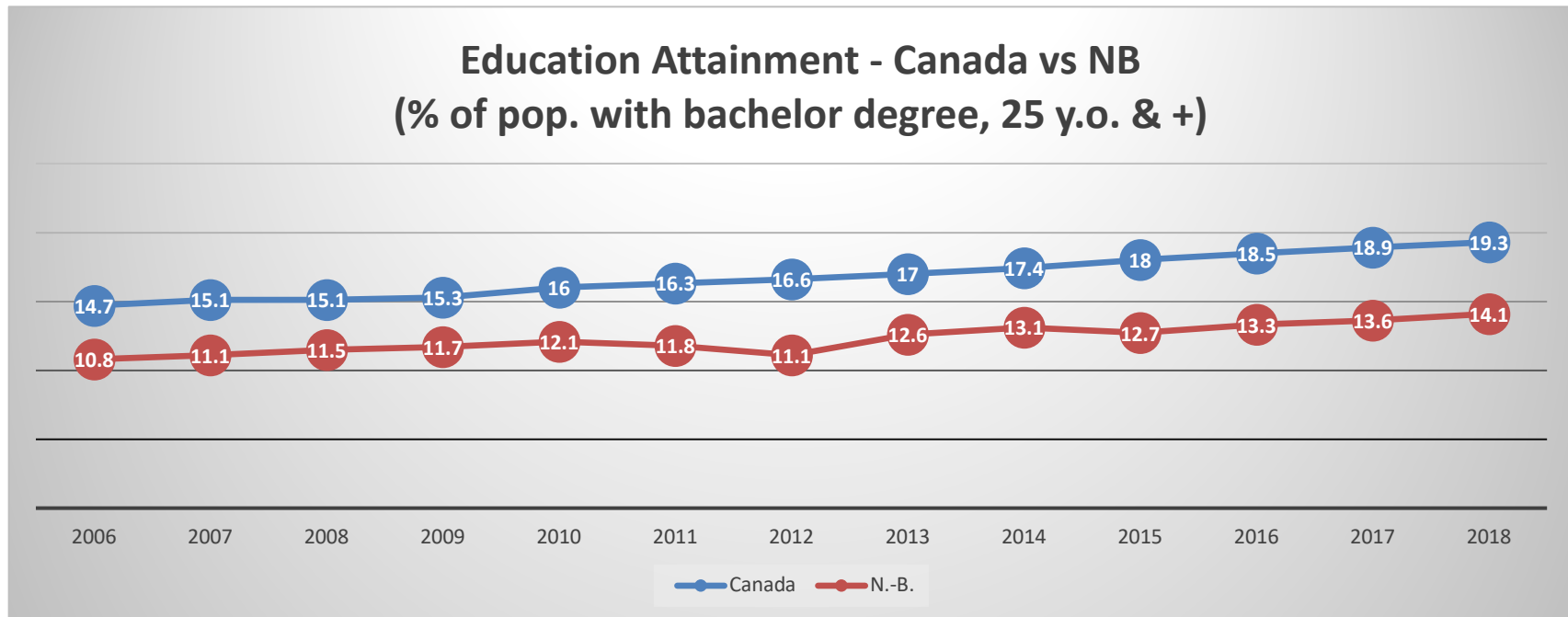
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Appendix A



Statistics Canada Table : 14-10-0020-01 (formerly CANSIM 282-0004)

Tabulated by the Canadian Association of University Teachers and the Federation of New Brunswick Faculty Associations

- Canada - N.-B. Gap :
 - 2006 : difference of 3.9 % points
 - 2018 : difference of 5.2 % points
 - The gap widened by 33% in 13 years
 - In 2018, NB is 27% below the Canadian average (just above NFL), and losing ground
 - The situation is the same with regard to graduate studies