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## *The Evolution of Control The Convergence of Neoliberalism and Neoconservatism in Performance Based Funding Policies*

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### **Abstract**

The purpose of this paper is to illustrate how policymakers draw on both neoliberal and neoconservative elements to craft educational policies. When employed together, neoliberalism and neoconservatism can create a powerful mechanism for educational policymakers and others to drive educational change that is more market based. While separate, and even at times contradictory, it is important to understand how both of these theories work in conjunction with each other. I specifically examine performance based funding in the United States. Performance based funding policies are state level policies which stipulate that public institutions of higher education must meet certain targets, such as producing a certain amount of degrees in a given year (McLendon & Hearn, 2013). Currently, 30 U.S. states employ a version of performance based funding. I specifically examined Tennessee because Tennessee is the national leader of performance based funding (Gorbunov, 2013).



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The ideas of neoliberalism have had a dramatic effect on educational policy over the last forty years. Neoliberalism, while a multifaceted theory, essentially holds that the function of markets, specifically the uses of competition and price, can be applied to social processes such as education and healthcare (Harvey, 2005). In addition to neoliberalism, neoconservatism has also had a significant effect on the shaping of educational policy (Harvey, 2005; Marginson, 2009). Neoconservatism, again while multifaceted, essentially holds that social order is the key to human happiness, and that threats which can disturb the social order such as abstract philosophical questioning, are to be discouraged (Stanley, 2007). When employed together, neoliberalism and neoconservatism can create a powerful mechanism for educational policymakers and others to drive educational change. While separate, and even at times contradictory, it is important to understand how both of these theories work in conjunction.

The purpose of this paper is to illustrate how policymakers draw on both neoliberal and neoconservative elements to craft educational policies. I specifically examine performance based funding in the United States. Performance based funding policies are state level policies which stipulate that public institutions of higher education must meet certain targets, such as producing a certain amount of degrees in a given year (McLendon & Hearn, 2013). Currently, 30 U.S. states employ a version of performance based funding. I specifically examined Tennessee because Tennessee is the national leader of performance based funding (Gorbunov, 2013). They were the first state to institute performance based funding in 1981 and as well as the first state to institute the second round of performance based funding in 2010 (Dougherty & Reddy, 2013). Many states look to Tennessee as a model for performance based funding. I intend to demonstrate how the Tennessee performance based funding policy is not simply a neoliberal policy, but rather a combination of neoliberal and neoconservative mechanisms to close public spaces of inquiry and democracy and to open markets in their place.

In the widest sense, I situate performance based funding as a method of control exercised by neoliberals to sustain the dominance of capital and the global market. Global capital is faltering under its own successes and neoliberal policies need to be increasingly enacted with conservative measures (Malott, 2014). Performance based funding in the United States is an excellent example of this evolutionary effort of capital to sustain its dominance. And while performance based funding is a uniquely American phenomena, performance based funding is really another manifestation of global capital's attempt to prop itself up. Of course, global capital as a system has always required government intervention, from the protected markets of imperialism to the world wars. Yet, the methods of intervention become more complex. While wars are still waged in the name of capital, more subtle and effective methods are necessary to dominate increasingly better educated and more literate populaces (the effect of liberal struggles to improve educational access). Performance based funding may be one of these complex methods, which does not seek to outright dominate or control higher education, but exercise control by subtlety transforming higher education from a site of democracy to a site of vocational training and capital. This domination will go unnoticed by many, even educated people, unless exposed and resisted. This paper is a step in that direction.

I have created a framework which looks at inputs (resources), processes (what a college does to produce outputs), outputs (short term results) and outcomes (long range societal goals) of higher education institutions, frequency counts of traditional neoliberal and neoconservative terms and an examination of social actors empowered by the policy discourse. The framework

can help to dissect and understand the evolving methods of capital's dominance over higher education.

### **Neoliberalism, Neoconservatism and Performance Based Funding**

By the mid-1970s, many citizens in the United States had recoiled from what they perceived as the social chaos that engulfed the 1960s (Newfield, 2008; Stanley, 2007). Higher education institutions were specifically blamed for this state of social decay by facilitating an environment which encouraged the young to question authority and long held values (Stanley, 2007; Newfield, 2008). This fear of change and the state of society in the 1960s and early 1970s was encapsulated by the Powell memo in 1971. Justice Powell of the US Supreme court sounded a rallying cry for conservatives across the nation. He argued that conservatives must defend the ideals of Christianity and free-market capitalism from the onslaught of 1960s wayward liberal values (Newfield, 2008). This call was heeded, and during the 1970s, conservative think tanks, media organizations and other conservative associations dramatically rose in number and began to coordinate their efforts (MacDonald, 2013). This new conservative movement was branded neoconservatism. Neoconservatives placed the highest premium on social order. Free thinking, critical inquiry, which were pedagogical methods encouraged by many college professor, especially those professors in the liberal arts and humanities, were discouraged because neoconservatives believed that questioning and abstract thinking can disturb the social order (Stanley, 2007).

At the same time, another new school of thought began to arise, that of neoliberalism. Neoliberals, drawing on ideas of traditional liberalism and its defense of free markets, began to argue that the global market and particularly how well public institutions prepare workers for this market should be the ultimate standard by which public institutions are judged (Harvey, 2005; Slaughter & Rhoads, 2004). Neoliberals argued that the massive government intervention in the form of civil rights programs and affirmative action would only impede the functioning of the market. The market was seen as a perfect equilibrium and functioned by the invisible hand, where competition and self-interest would eventually lead to social harmony (Plant, 2010). Redistribution efforts would only impede the pure functioning of the market. The notion that unfettered and unregulated markets would lead to harmony and full employment was challenged first by Marx, and then later by economist John Maynard Keynes in the early 20<sup>th</sup> century. Keynes' ideas revolutionized 20<sup>th</sup> century economic thinking by calling for a more active role of government intervention in the economy which countries such as Great Britain and the United States embraced, to varying degrees (Peet, 2009). The active role of government in the economy that Keynes argued for was meant to mitigate the effects of unregulated markets, yet neoliberals have always seized upon the potential of government intervention not to mitigate these ill effects, but rather to enhance the reach and scope of markets. Performance based funding is one such example.

Neoliberalism and neoconservatism found a natural ally in each other during the late 1970s and 1980s (Chomsky, 1999; Marginson, 2009). After the Powell memo, Neoconservatives sought to uphold the social order and neoliberals sought to uphold the market. Thus, the market became the symbol of order for neoconservatives, and neoliberals (despite their aversion to government intervention) were more than willing to employ conservative methods, such as government intervention, to create new markets and uphold existing ones, either in the United States or foreign countries (Chomsky, 1999; Harvey, 2005; Klein, 2007; Marginson, 2009). And

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this is the fundamental paradox of neoliberalism, the use of government intervention to establish and regulate markets, because markets are supposed to arise naturally and sustain themselves by competition and the invisible hand (Marginson, 2009). Yet as many neoliberals found out, in the public sector, which was heavily subsidized by public expenditure and taxation, and which was generally a place where market mechanisms were not nearly as prevalent, intervention and the creation of markets became a necessity. Higher education was a fertile ground for market creation, but government intervention and policy were needed to enact this creation. This apparent paradox was dealt with and removed by one of the earliest neoliberal thinkers, F.A. Hayek.

Hayek argued that the social order must be preserved and the market was the best means to preserve the social order. This was because Hayek felt that markets and competition was the natural state of man (Marginson, 2009). In markets, people were guaranteed with choices, and Hayek defined freedom as the ability to not be coerced in one's thinking regarding choices and options. Markets offered the best option for knowledge because one entity such as government could never have all information. The market, as a transmitter of information such as a demand for products, provided a forum where people could learn the most information and exercise freedom. This freedom to choose is the cornerstone of neoliberalism (Plant, 2010). Hayek, and later neoliberals like Milton Friedman argued that welfare states, socialist states and other states with heavy government intervention all impinged upon man's freedom to choose because they distorted market mechanisms.

Moreover, people were indoctrinated to market signals over the course of their life, and this indoctrination was necessary. A social consensus developed where all citizens knew their place in society. Since the market was the highest form of social order and harmony, Hayek reasoned that government coercion was necessary and beneficial to sustain markets and thus preserve social order (Marginson, 2009). Thus, the market was seen as the bedrock of social order for neoliberals. Neoconservatives, while not always on board with market driven solutions, easily acquiesced to the natural state of American capitalism and its role in upholding the social order (Stanley, 2007). The government enforcement or creation of a market or market like conditions is the exception that proves the rule of neoliberalism. Government intervention is decried, except when this intervention seeks to create market like conditions or stabilize markets (Marginson, 2009). And this is because the rhetoric of the market masks a deeper intent of neoliberalism, the accumulation of surplus value. This intent can be achieved with neoconservatism. The theory of surplus value argues that laborers produce much more value than what they are actually compensated for. As government intervention increasingly comes down on the side of capital with ever more nuanced enforcement mechanisms such as PBF policies, faculty in public institutions continue to teach, research and perform service, with less and less compensation. Shaker (2014) argued that this is known as faculty philanthropy, where many faculty members go above and beyond the call of duty. It really is the inclination of many public servants. Performance based funding policies unscrupulously exploit the natural inclination of public servants and faculty philanthropy. This exploitation however is a larger reflection of the internal logic of capital, which always tends toward profit and capital's inability to maintain social harmony.

The notion of coercion to achieve a certain state of affairs is present in all societies. Any societal arrangement requires some degree of coercion and a loss of certain freedoms. In contemporary America, the new healthcare mandate associated with the Affordable Care Act is

the most recent example of coercion to a principle. It is beyond the scope of this paper to examine the morality of government coercion. What is at issue is the neoliberal foundation of freedom. It rests on a contradiction. We are free to choose but our choice has to be for the market and if it is not, then the choice must be made for us. This contradiction is present in performance based funding policies and betrays a more coercive intention that is at the heart of the supposed freedom doctrines that neoliberalism espouses. This convergence also betrays how the “free” market is not really about freedom, but control.

The convergence between neoliberalism and neoconservatism intensified throughout the 1980s and 1990s and persists to the present day (Chomsky, 1999; Marginson, 2009). Accountability policies which seek to hold higher education accountable to the market illustrate this convergence. Specifically, performance based funding policies illustrate this convergence. While many policymakers and even college administrators tout performance based funding policies as methods to align higher education institutions with the market and to make higher education institutions more accountable to the market, performance based funding policies are also undergirded with neoconservatism. Malott (2014, pg. 3) argues as the system of global capitalism begins to falter under its own contradictions (such as massive wealth inequality), more repressive measures will be needed to correct it and prop up the capitalist classes, measures such as “corporate bailouts, tax breaks, militarization, increased incarceration and increased social control mechanisms through relentless propaganda campaigns and advertisements in the media, military and in education.” Performance based funding policies, which create new markets in the public sphere, are new and increasingly sophisticated measures to prop up global capitalism. Higher education by itself however cannot prop up global capitalism in a material sense by providing revenue (although many venture capitalists do seek to profit from higher education). Rather, neoliberals desire to turn higher education into an ideological counterpart of global capital. Public education is one of the last entities in contemporary society that has the ability to challenge global capital as was amply demonstrated during the social turmoil of the 1960s and 1970s (Giroux, 2011; Malott, 2014). Thus, performance based funding policies are an evolutionary method of control to stymie this threat and exploit public servants by squeezing their surplus value and establish markets in public spaces. Public higher education institutions must be made to support the ideology of neoliberalism under the cover of neoliberal rhetoric of freedom and choice.

### **Performance Based Funding**

By the early 2000’s almost all states had let their initial performance based funding programs lapse. Performance based funding was predicated on bonuses given from state coffers to institutions for institutions increasingly graduation rates. When state coffers began to run dry in the early 2000s due to recessions, the bonus money was the first to go (Miao, 2012). The year 2008 however saw a resurgence in interest in performance based funding. The economic downturn of 2008 reinvigorated the call for PBF by policymakers, in an effort to make higher education institutions more efficient, productive and more aligned with their state’s economic needs (Harnisch, 2011). Coupled with the economic downturn was the dismal numbers regarding college completion rates (Complete College America, 2012; Miao, 2012). Of course one of the most potent barriers to college completion is the rising income gap and the drastic cuts in public funding yet these factors are never given as a reason (Pusser, Breneman, Gansneder, Kohl,

Levin, Milam & Turner, 2008). Instead, colleges are simply lambasted for skyrocketing tuition and low completion rates.

This time around, policymakers learned from the first wave of performance funding, dubbed “performance funding 1.0,” this was largely implemented in the 1990s. The crucial difference between PBF 1.0 and PBF 2.0 is that funding for PBF 2.0 is tied to an institution’s base funding. Unlike PBF 1.0, funding is no longer a bonus in most states. PBF 1.0 policies were used to encourage institutional behavior, namely to produce more graduates, but PBF 1.0 did not mandate this behavior. Even the leader of PBF 1.0 policies, Tennessee, scrapped its PBF 1.0 policy and enacted the Complete College Act in 2010 which allocates 100% of base funding on meeting specified targets and outcomes.

Currently, each state relies on a slightly different political arrangement to implement and maintain PBF 2.0 policies, these three arrangements are output based formulas, performance set asides, or performance contracts (Friedel et al., 2013). Output funding provides fiscal incentives for improvements on metrics, performance set asides allocate a certain portion of state funding for PBF 2.0, and performance contracts between institutions and the legislature similar to PBF 1.0. Despite the slight differences in policy arrangements, the central goal of PBF 2.0 is based on the notion that universities and colleges must reach certain outcomes which align with a state’s economic and workforce needs (Dougherty & Reddy, 2011; Harnisch, 2011; Miao, 2012; Friedel et al., 2013). Not only do states seek similar outcomes, such as increased completion rates, they also share similar measurements of these goals, such as time to degree, credit hours accumulated, numbers of disadvantaged students who complete a degree and high need degrees earned, such as STEM degrees to name a few (Harnisch, 2011). The states using PBF 2.0 policies also share common incentives and strategies for compliance, the most typical is increased funding as a reward, but also increased autonomy for institutions which meet specific goals (Harnisch, 2014).

Further, philanthropic organizations such as Lumina Foundation and The Bill and Melinda Gates Foundation are also pushing a neoliberal agenda for higher education policy and have become major actors in the higher education policy arena (Hall & Thomas, 2012; Kovacs & Christie, 2008). The Lumina and Gates foundations work closely with state legislators to craft policies for higher education; specifically performance based funding policies. The Complete College America Foundation was established by the Gates Foundation in 2009 specifically for the purpose of promoting PBF. The one overarching goal is: to increase college graduation rates (Complete College America, 2012; Mangan, 2012). More degree completions equate to more jobs and a stronger economy, and in neoliberal terms, the global economy is king (Hall & Thomas, 2012). As a testament to the power of these philanthropic organizations to shape educational policy, at the time of this study, there are 30 US states that have performance based funding policies (Dougherty & Reddy, 2011; Miao, 2012; Friedel et al., 2013).

Since its inception in 2007, performance funding 2.0, has been differentiated by policymakers within states to reflect the range of needs and missions of institutions of higher education, such as community colleges, flagships and teacher colleges. This form of differentiation highlights a drastic change from the one size fits all approach used with PBF 1.0. In addition, the higher education community (namely higher education administrators) has been much more involved with policymakers in the process of creating and setting institutional goals, whereas PBF 1.0 policies were mainly constructed without the input of higher education stakeholders (Friedel et al., 2013). Another change from PBF 1.0 is that PBF 2.0 focuses not only on ultimate outcomes such as graduation rates and alignment with the state’s economic

goals, but process or intermediate metrics which help institutions achieve these goals, such as accumulation of credit hours (Friedel et al., 2013; Miao, 2012). Perhaps the greatest change from performance funding 1.0, however, is that the greater incentive for institutions to actually reach their goals because the funding is not supplemental or bonus funding, but rather tied to an institution's base allocation from the state (Dougherty & Reddy, 2011; Miao, 2012; Friedel et al., 2013).

While the amount of ties to base funding are small for most states, usually from 1-10%, the satisfactory meeting of performance based goals is tied to 100% of funding in Ohio and Tennessee. Moreover, the states with small allocations for performance based funding have written it into their policies that the amount will gradually increase. Because there is much more money involved in PBF 2.0, Dougherty and Reddy (2013) argue that PBF 2.0 will have much more significant impacts on institutional behavior, and thus, these policies need to be scrutinized. PBF 2.0 also increases the power of state policymakers, as well as those who helped inspired the metrics, such as the Bill and Melinda Gates Foundation and Lumina Foundation, a much larger role in controlling the destinies of higher education institutions.

## **Methods**

Four specific methods are employed to understand how higher education policy shapes the public good, and how neoliberal influence contributes to this shaping. The first method is an input-process-outputs-outcomes chart, derived from Burke (2005). Of particular interest here are the outputs and outcomes, because these tell us the long-term intentions of the policymakers. Outputs are short-range goals, such as completion rates and outcomes are long-range goals, such as being competitive in the market.

The second method is hegemonic term detection which is a derivation of content analysis. I looked to discourse. Discourse is language, but language which can be employed to achieve hegemony, or dominance by one group over another (Allan, 2008; Ball et al., 2011). In order to examine the discourse of policy, I have created a table with terms that are the essence of neoliberalism. The terms are as follows:

- market/economic growth /revenue and profit generation
- efficiency
- vocational/workforce training /human capital/ job creation
- accountability and performance
- public-private partnerships
- tuition un-affordability
- competition
- knowledge economy
- science technology engineering and mathematics
- online instruction
- prestige

- government oversight.

The first category of market growth is perhaps the best summation of neoliberalism. Efficiency is perhaps the main motivation espoused behind formation of PBF policies; colleges are supposed to be more efficient with their resources, and do less with more (Burke, 2005; Dougherty & Reddy, 2013; Harnisch, 2011; Miao, 2012). Efficiency, private sector initiatives and STEM emphasis also make colleges more attractive entities on the market which can help to increase performance and with higher performance, institutions are thought to be more accountable to the state. Thus, the terms accountability and performance overlapped and were counted together (Burke, 2005; Burke & Serban, 1998; Richardson & Smalling, 2005; Zumeta, 2011). Obtaining private funding and promoting workforce and vocational training are the other foundational planks of PBF policies (Burke, 2005; Dougherty & Reddy, 2013; Harnisch, 2011; Miao, 2012). Public-private partnerships were made a separate reference. Private sector and market based initiatives entail competition. Further, competition is seen as a mechanism to make institutions more efficient. Efficiency, private sector initiatives, and STEM emphasis is supposed to make higher education institutions accountable to the states that fund them. Many policymakers however lament the fact that higher education tuition is skyrocketing and pin the blame on colleges (Fried & Salam, 2012; Vedder, 2004). The idea of tuition un-affordability was therefore made a separate coding reference. Another major plank of neoliberalism is competition. While a separate category of competition may overlaps with the idea of the market in general, I thought to include it a separate category to detect if there was a heightened focus on competition.

The term knowledge economy is rife in PBF literature. Another concern of policymakers is increasing STEM degree production and education; this is also evidenced by many state websites. Aligning with the private sector, especially in STEM initiatives was present in the literature. Online instruction is usually touted as a way to secure additional revenues (Slaughter & Rhoades, 2004; Rhoads & Torres, 2006). Finally, many policymakers and administrators are concerned with raising the perceived image of higher education institutions so they can compete in the various rankings scales.

The last term however is more reminiscent of neoconservatism. Government oversight has increased over public institutions as trust between the state and institutions as lessened over the last three decades (Burke, 2005; Richardson & Smalling, 2005; Zumeta, 2011). Thus, I included government oversight as a term because many times government action is needed to spurn market action (Harvey, 2005; Hayek, 2008)

A term is an idea or notion; a reference is how many times a term is mentioned. What constitutes a reference? A reference was recorded only when a term constituted an independent idea within the policy text. Two references can constitute the same idea (i.e. references to an oversight committee and a supervisory council both constitute government intervention). I did not want to count references which were listed multiple times in a sentence but were part of the same idea, so as to avoid overrepresentation. So there is a measure of discretion involved. The terms are proxies for the hegemonic mechanisms of neoliberalism and references count how times terms are used in a variety of forms. The sheer quantity of hegemonic references leaves no room for other important discourses that policies should contain, such as fostering civic behavior.

What is *not* said in a text may be just as or more important than what is said. This is a policy silence. To analyze what the policies may have been lacking in their framing of the public

good, I created an apriori list of terms that do not usually occur in neoliberal literature. The terms are as follows (again, should these terms be substantiated in the literature? Doesn't neoliberal/neoconservative discourse claim to deliver many of the items on your list such as happiness and transformation?):

- health/life expectancy
- poverty reduction/financial assistance
- general happiness
- non-market knowledge and research
- art/literature and/or theater
- cultural diversity
- pedagogy
- college mission
- institutional autonomy
- enhancing citizenship/public service
- liberal arts
- externalities/social benefits
- social transformation/social criticism
- reduced crime rate
- interdisciplinary/global linkages
- social contract/state resident enrollment
- pollution reduction/clean air/environmental concerns
- global public goods/glo-na-cal good
- deliberate intergenerational concerns
- just use of STEM.

Of course, neoliberals claim that an unfettered market will bring social harmony and happiness. The terms above them are claimed by neoliberals in some sense then. However, neoliberalism does not see the purpose of higher education to bring happiness, or diversity or democratic participation. Rather, markets are supposed to lead to these things, and higher education institutions are supposed to serve markets (Harvey, 2005). Thus, these terms were identified because neoliberalism may pay lip service to them, but neoliberals do not actively seek to promote these notions. There is a great deal of non-market externalities, or positive and unintended side effects, such as higher rates of civic participation generated by higher education (McMahon, 2009). Moreover, these non-market externalities are almost always neglected by

neoliberal analyses of higher education (in practice) (Giroux, 2011; McMahon, 2009). If and when I saw these terms in the policies, I recorded them in the table as well as the frequency, location and context of each (this table is too large for the appendix, it is available upon request).

The fourth method examines how policy writers empower certain social actors and neglect or relegate others and what types of power each actor is granted by policymakers (Ball et al., 2011; Fairclough, 1989; Saarinen, 2008). I recorded which social actors were emphasized through the discourse by paying attention to which actors the policy actually mentioned. I then noted their location in the policy and finally how that actor would most likely shape the public good.

I gave my coding results to two peer reviewers to ensure accuracy. I had a 100% agreement with reviewer one and a 95% agreement with reviewer two.

### **Performance Based Funding in Tennessee**

Tennessee was the first state to employ PBF in 1981. Since then, the state of Tennessee has been a pioneer in performance based funding for higher education (Bouge & Johnson, 2010). In January 2010, with the support of the governor, the Tennessee legislature enacted a new performance based funding program which was titled Complete College Tennessee Act of 2010. The current PBF 2.0 program in Tennessee ties 100% of base funding to institutions meeting certain performance metrics and accounts for individual institutional mission in the creation of the performance metrics. The Tennessee performance based funding policy is eight and half standard pages in length.

There are three major governing boards in the state of Tennessee. The Tennessee Higher Education Commission (THEC) coordinates all public institutions of higher education in Tennessee. The University of Tennessee Board of Trustees (UT) is responsible for the governance of the university system including the large universities in Knoxville, Chattanooga, Memphis and Tullahoma, as well as various extensions throughout the state. The Tennessee Board of Regents controls all other public universities in the state including comprehensive four year institutions such as Middle Tennessee State University, and all the states community colleges and technology centers.

#### *Input-process-output-outcome*

An analysis of this policy determined there were two inputs, 17 processes, 11 outputs, and 10 outcomes identified in the input-process-output-outcome chart for Tennessee (see Appendix B). The two inputs dealt with output based funding and the collection of fees and tuition and ultimately aligning funding with promoting the Tennessee Master Plan.

The desire for efficiency on the part of Tennessee policymakers is evident in the processes that appear in the Tennessee policy. In section 3.1C for example, the policy reads: “ensure minimal redundancy in degree offerings.” The Tennessee policymakers also allocate more control to themselves at the expense of the institution. For example, in section 3.2 the policymakers must: “approve institutional mission statements for each higher education institution- degree offerings, type of students served,” as well as allowing for the comptroller of the state to conduct audits of the Board of Regents and Board of Trustees. The Tennessee policymakers also created a process in the policy to allow for the cooperation between Tennessee

higher education institutions and K-12 schools, other higher education institutions, businesses, civic, and community leaders (see section 3. 3). The nature of this cooperation will be discussed later. The processes of the Tennessee policy are typical: end of terms enrollments, student retention, and increased transfer rates. Another process emphasized the fostering of outcomes across a range of variables weighted to reinforce each institution's mission and to provide incentives for productivity improvement consistent with the Master Plan (located in section 3. 4). Markets are believed to be the most efficient methods by neoliberals to organize a society because an unfettered market supposedly allows for individuals to exercise their capacities of choice and freedom (Plant, 2010).

The outputs (which Tennessee policymakers erroneously call outcomes) desired by Tennessee policymakers are timely progress to degree, competitive research, and student success. Graduation of adults (over 25) and low income students are weighted heavier in regards to completion metrics. Other weights are applied to each outcome depending on the priority and institutional mission. The type of outputs desired by Tennessee policymakers also target a particular type, namely: "Increasing number of STEM degrees to doctoral schools University of Tennessee and other institutions" (located in section 9.1). Another output desired by policymakers is to: "increase the prestige of University of Tennessee as top tier institution" (located in section 9.5). In sum, the outputs focus on promoting institutional productivity and increasing graduation rates. The Tennessee policymakers have also reorganized the Tennessee community college system, targeting this sector to produce more outputs. Section 8.c4 reads: "Standardized and centralized community college system aimed to produce more rapid and significantly higher rates of program completion through structured degree programs that incorporate fixed course offerings on a pre-determined schedule." The policy seeks to make for a seamless system of post-secondary institutions. The outputs are wide ranging and they encompass both two and four-year colleges. And it is these outputs which now determine 100% of base funding in the state of Tennessee. These outputs are quantifiable items which can be easily measured and thus which can be said to demonstrate efficiency. Again, this desire to measure and calculate efficiency is indicative of a neoliberal agenda which seeks only to maximize profits. There is no room for anything that cannot be measured. An output, however, is only a temporary; it is outcomes which are the ultimate goals of colleges.

The first outcome the policy (located in section 3.1A) identifies as its goal to "address states' economic development and workforce needs." A similar outcome in section 9.8 reads: "Promote research in science, technology engineering and mathematics that encourages entrepreneurial opportunities in Tennessee," and another outcome in section 9.2 reads: "Accelerate the state's economic and workforce development efforts in the field of energy sciences and engineering." The main long range behaviors desired by the policymakers are the strengthening of the Tennessee economy and the promotion of entrepreneurial opportunities in Tennessee.

The Tennessee policy also contains unique outcomes. Two of the outcomes specifically related to the University of Tennessee establishing partnerships with the Oak Ridge National Laboratory (ORNL) in Tennessee (located in section 9.4). Specifics regarding this outcome (located in section 9.9ab) require the establishment of "an academic unit at ORNL, with appointment and oversight of graduate students, the appointment of ORNL staff as faculty, and the development of interdisciplinary curricula between the two institutions." Another outcome (located in section 11.ab) was the establishment of a research consortium:

St. Jude's Hospital, Tennessee Health Services and University of Tennessee now a Memphis Research Consortium (MRC). The MRC is a collaborative research venture with other leading business and research entities to promote economic development and job creation, promote opportunities for RD in public health, medical devices, medical and healthcare, bio-based products and chemical manufacturing, logistics and supply chain, computational and computer sciences, and learning technologies and related fields. Both the partnerships with ORNL and the creation of the MRC are long range behaviors desired by Tennessee policymakers.

Outputs and outcomes demonstrate the desires of policymakers and every output and outcome in the Tennessee PBF policy is a direct reflection of a neoliberal agenda.

*Policy Discourse and Policy Silence.*

The results of the hegemonic chart and the non-hegemonic chart demonstrate in more detail how the Tennessee performance based funding policies help shape a more neoliberal vision of the public good. There are 17 references to accountability/performance which equates to two references per page, 13 references to public/private partnerships which equates to 1.5 references per page, nine references to the market which equates to roughly one reference per page and 10 references to STEM, which equates to roughly 1.1 reference per page, there were 11 references to efficiency, which equate to over one reference per page. Thus, on average, each page contains roughly seven neoliberal references. Moreover, the neoliberal hegemonic discourse in the policy works in conjunction with the neoconservative strands as well. There are 25 references to government oversight (a key designator of the neoconservative orientation), which equates to just under three references per page. This was the most referenced category in the 8.5 page policy Appendix B.

Yet, there are scant references to other non-hegemonic categories that support externalities that support well-being. One of the greatest externalities that Tennessee policymakers pursue is that of creating better health practices: Tennessee policymakers have dedicated an entire section to promoting health concerns. In section 11, the policymakers urge for public health research, using the creation of a research consortium with St. Jude's Children Hospital as a vehicle to achieve this goal. There were two direct references to public service and one reference to civic leaders. There were four references to ensuring that Tennessee citizens are served. There is also one reference to pollution reduction (which could also be considered an externality). Finally, there were two references to partnerships with civic and community leaders. In sum, the non-hegemonic chart indicates that there is some concern among Tennessee policymakers about the promotion of public health, clean energy, and public service (to privatize them?). Yet, these health concerns are still framed in a neoliberal context because the policymakers believe that only through partnerships with business and industry will health care in Tennessee be maximized. In addition, the reference counts for these things are miniscule compared to the references in the hegemonic chart. The nine references to non-hegemonic categories pales in comparison with the 76 policy references that tally the neoliberal and neoconservative categories.

Both the neoliberal and neoconservative references work to create a policy mechanism which guide Tennessee higher education institutions to be more market responsive. At the same time, this neoliberal/neoconservative hegemony works in the space of a policy silence. With respect to the more individual and social non-market benefits of higher education. The

presuppositions in the policy help to structure the categories to achieve this hegemony within the policy silences. The hegemonic terms and presuppositions also limit how progress and success can even be spoken about; namely, only through neoliberal metrics. These metrics are the foundation of the entire policy.

### *Social Actors*

The Tennessee policymakers empower certain social actors and neglect and or restrain others. The positioning of certain actors in higher education policy is not new, however the different positions on these vertical hierarchies is directly related to the concerns of PBF. The actors empowered are largely outside agencies such as the Tennessee Higher Education Commission and the actors neglected are faculty and institutions. The hierarchy established by Tennessee PBF 2.0 policy looks like this from bottom to top: higher education institutions (community colleges and four-year schools)-Board of Regents, Board of Trustees, Tennessee Higher Education Commission –Office of Legislative and Budget Analysis, comptroller-house and senate committees, governor. Technology centers are under the legislature but over the Tennessee Higher Education Commission, and ORNL is not subject to the legislature but can impact higher education institutions- the finance and ways and means committees in the house and senate.

Tennessee legislators and officials are the most powerful actors in the policy. For one, the finance and ways and means committees in the house and senate are the controllers of the purse string and must ultimately determine if an institution should receive funds. The comptroller has the power to audit the Tennessee Higher Education Commission, the Board of Regents and Board of Trustees in regards to their accountability efforts to provide high enough levels of educational attainment. Below is text from section 13:

An audit of the Tennessee Higher Education Commission, the University of Tennessee board of trustees, and the board of regents may be conducted by the comptroller of the treasury. If such audit is conducted, the audit shall specifically focus on overlap in mission, cost inefficiencies, management practices and the restructuring of higher education stipulated by the implementation of this act. (Complete College Tennessee Act of 2010, 2010)

The governor signed the bill into law in January 2010. The governor is a powerful, but removed player. The education committee in the house and senate must prepare an annual report for the governor regarding the progress of institutions and the Performance based funding policy. Thus, the governor can presumably make recommendations for policymakers to follow and ultimately for higher education institutions to abide by if these recommendations are put into future policy revisions.

The Tennessee PBF 2.0 policy empowers actors not wholly under the control of the state legislature. The Oak Ridge National Laboratory (ORNL) is a special actor in the Tennessee performance based funding policy. ORNL is a laboratory run by the U. S. Department of Energy. According to ORNL website, the mission of the laboratory is foster the commercialization of research for the market (<http://www.ornl.gov/about-ornl>). The policymakers encourage partnerships between Tennessee institutions and ORNL. It is understood in the policy that the policies of ORNL and the Federal Department of Energy are in no way impinged upon by the Tennessee performance based funding policy, yet graduate students of University of Tennessee higher education institutions can be placed under the supervision of

ORNL staff and ORNL staff can be made professors. The policy also allows ORNL employees oversight of graduate students. Doctoral students at University of Tennessee are given the opportunity to perform transformative research in the fields of energy research and engineering. But this only affects doctoral students in energy and engineering fields and neglects doctoral students a variety of other disciplines. Here, ORNL operates much like a business despite their role as a governmental agency. This blurring between public and private purposes is not unique to Tennessee (Slaughter & Rhoades, 2004). Nonetheless, the Tennessee PBF 2.0 policy does utilize partnerships with industry in a unique way, to judge the progress and efficiency of universities

The Memphis Research Consortium (MRC) is empowered by the Tennessee policymakers in a variety of ways. The MRC is encouraged by Tennessee policymakers to develop strategies and plans for establishing and enhancing opportunities for research and development in private industries as well as public health services. While there is a public component, the MRC is largely encouraged to engage in industrial and commercial ventures.

Technology centers are given more autonomy than any other institution in the policy, because the Tennessee Higher Education Commission does not control their budgets or funding. Again, this speaks to the fact that technology, STEM, and workforce training are prized facets of the public good and policymakers promote these facets, usually at the expense of the humanities. This praise of the vocational aspects of higher education ties into the larger vision of neoliberalism.

The Tennessee Higher Education Commission (THEC) is the coordinating agency for the state of Tennessee, with members appointed by the governor. The commission is charged by the legislature with developing a statewide master plan for all public universities. The purpose of the plan is to make Tennessee higher education institutions accountable and to allow them to address the state's economic and workforce needs. The Tennessee Board of Regents (BOR) is the governing body of University of Tennessee and its members are appointed by the governor. The Board of Regents and Board of Trustees (BOT) are invited to aid the Tennessee Higher Education Commission in crafting the master plan. These entities have more of an advising role in the creation of the master plan. With these three agencies (THEC, BOR, BOT) underneath the legislature, there is a clear hierarchy of power in Educational policy making in Tennessee.

The Tennessee Higher Education Commission must submit the higher education funding formula to Office of Legislative Budget Analysis and to the comptroller of the treasury annually. (The Tennessee Higher Education Commission must also work to establish uniform plans of statistical analysis and accounting). The Office of Legislative Budget Analysis and comptroller than give comments on the budget to the house and senate education committees.

Governing boards of individual institutions are given some power to help craft the master plan, but this power is only given after the debate about whether having a master plan based on quantifiable outcomes is over. All public institutions in Tennessee are largely viewed as passive actors by Tennessee policymakers with limited capabilities of agency. The Tennessee Higher Education Commission is supposed to solicit input of public higher education institutions, but this input comes subsequent to the input of Board of Regents and Board of Trustees. This ordering essentially makes any college level input moot. Further, the four year higher education institutions are not supposed to contribute input to the question of accountability. The method of accountability has already been decided: outcome based performance. All institutions are

supposed to work within the confines of performance and outcomes funding and not offer alternative models of accountability.

However, there is one clause which does give a degree of power or at least latitude to all higher education institutions to carry out their missions. Section 3.3 reads that nothing in the act can prohibit any institution from pursuing its mission. However, what if an institutional or departmental mission comes into conflict with PBF, such as a humanities program or program meant to foster urban renewal or civic behavior among citizens? Thus, the power dynamic is ambiguous and it remains unknown how the state would deal with a contested situation over an institution's mission. The larger question is how do institutions with missions that contradict neoliberalism contribute to the neoliberal order?

Community Colleges perhaps are the most restricted entities in the state of Tennessee under this policy. Perhaps not surprisingly, the two-year sector is located at the bottom of the higher education hierarchy. The Tennessee performance based funding policy creates a brand new framework to unify, centralize and streamline community college operations and offerings. Students are also viewed as largely passive actors. It is assumed that increasing the number of degrees is the surest way to educate the citizens and increase the public good. While the Tennessee policymakers do recognize some social benefits of higher education, the thrust of the policy is financial betterment. So the real voice and power of Tennessee citizens as promoted by the policy is somewhat questionable because their welfare is couched mainly in quantifiable outcomes which are really simplistic assumptions; i.e. the assumption that simple outcomes can promote the public good. The social actors chart empowered by the policies are “outwards and upwards” of the university and they have oversight capabilities of the institutions of higher education (Barnetson & Cutright, 2000, p. 3). These entities usually include state boards, coordinating boards, councils and other committees.

The creation of vertical hierarchies is not new to neoliberalism. Yet, the specific hierarchies created in the PBF 2.0 policies utilize new actors or old actors in new ways to ensure compliance to neoliberal metrics. Recommendations and decisions must travel up the chain of command to the legislature, going through a different committee or body every time. The Tennessee legislature is now tightly coupled to every institution in the state by this vertical hierarchy. Perhaps the greatest irony is that of bureaucracy. A new bureaucratic structure, or at least more layers of red tape, are seen by policymakers to make higher education institutions more efficient and accountable. This irony demonstrates the results of employing neoconservative methods to create neoliberal market conditions. The irony also illustrates how the “free” market becomes a source of control.

## **Discussion**

Of course it is to be expected that state policymakers would want some measure of control over state institutions. Moreover, the desire to transform higher education institutions into adjuncts of the market is not new; these actions have been present in higher education since the late 19<sup>th</sup> century. Further, many notions in the Tennessee policy have been proposed, debated and in some limited cases implemented by various legislative bodies over the last 30 years, most notably funding by outputs and encouragement of public and private partnerships. However, the Tennessee PBF 2.0 policy is the first to tie performance to funding. Yet the policymakers go

further, they restructure how performance and progress can even be understood, and that is perhaps the most striking feature of the policy.

The Tennessee PBF policy strengthens the vertical hierarchies to ensure faculty members and those with the ability to challenge the neoliberal order can only understand progress in specific market terms (while their inclination to serve the public is exploited). The discourse of the policy does not allow for progress to be spoken or thought of in any other way than with neoliberal metrics, such as strict adherence to the number of outputs, efficiency measures, encouragement of public private partnerships, accountability concerns and STEM initiatives. The neoliberal discourse of the policy enforces these metrics in the absence of any non-hegemonic terms.

The overarching motivation behind the Tennessee PBF 2.0, for all the policymakers blusters about the market, college success, and workforce readiness, is about control. In every policy, the autonomy and freedom of individual faculty members to pursue their research, which has been a staple of American higher education for over 100 years, is conspicuously absent. Students only figured in as largely passive actors, never as creative persons who may actually have a stake in the creation of accountability measures. The roles set forth for empowered actors in the Tennessee PBF 2.0 to realize are roles of oversight, while the roles for institutions and faculty are roles of compliance and obedience to market metrics in order to receive diminishing funding. The only choice is for different performance metrics. The need for government oversight and enforcement of market mechanisms also carries with it an assumption on the part of the policymakers that higher education institutions are *in need* of reform and can only be rectified with market mechanisms. The focus on graduation rates restructures the actions and behaviors of Tennessee institutions toward visible and measurable statistics, which can be quantified and ranked.

A focus on graduation rates also opens the door for more market centered behaviors which will supposedly boost graduation rates. One such behavior is that of public-private partnerships. The policy encouraged partnerships with local high schools, which is a good thing in itself. However, Tennessee colleges are employing a Pearson software design to offer remedial math in high schools. It will be remembered that Pearson is a multi-billion dollar educational firm and profits handsomely from this. Tennessee has also partnered with Lumina foundation to award grants to students, which gives the Lumina foundation added power because they are holding more purse strings.

This is the evolution of control. It is control from the inside out, pushed by policymakers, the business community and organizations such as the Gates and Lumina foundation in an effort to further establish market like conditions in academia. The market like conditions are a method of control, control becomes insidious, latent and invisible. The policy does not allow those that must abide by the policy to conceive of progress or success in any other way besides by aligning with the market. It is the extinguishing of even the realization of hope and possibilities for higher education in the age of neoliberalism.

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