

MEASURED WORDS: POLITICS AND PERFORMANCE IN THE  
FEDERAL BUREAUCRACY

By

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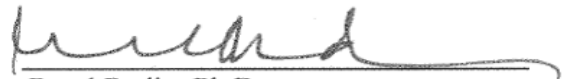
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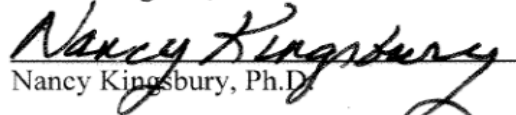
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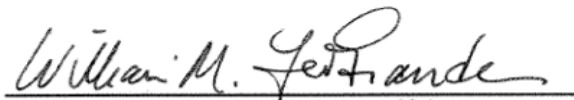
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## DEDICATED

*to my family, who began my journey and motivated me to pursue an education;  
to Christine Pence, who helped me to realize what that meant for me;  
to Karen Akerson, without whom I couldn't have started writing this;  
and to Bridget O'Brien, without whom I couldn't have finished it.*

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ABSTRACT

For nearly 50 years, a fundamental issue of governance has been performance management, and government practitioners and public administration scholars have faced the task of developing and utilizing systems to improve the efficiency, effectiveness, and accountability of government entities. The costs of the federal government continue to increase as a result of wars in Iraq and Afghanistan, from federal stimulus in response to the economic collapse of 2008, and other long term trends. These continue to exert pressure on the federal government to find ways to meet these goals. However, the relationship between performance management and government decision making is not well-understood, and examples of failed performance efforts occur as often, or more, than examples of success.

This research uses a mixed methods approach that incorporates comparative case study and quantitative analysis to address the nexus between government decision making and performance management, specifically exploring whether, how, and the circumstances under which performance information or other technical factors are likely to successfully impact decision making.

There are two literatures, which developed separately, that inform this research. The first examines decision making, and offers three types of models to explain decision making processes. The second examines performance management design, implementation, and outcomes, and shows the promises and pitfalls of the performance mindset. The first broadly

focuses on political and technical factors that impact decision making, while the second narrowly focuses on the utilization, or lack thereof, of performance information. This is one of the first studies to integrate the lessons from these two literatures in order to understand the successes and failures of performance efforts.

Performance management has the potential to improve the efficiency, effectiveness, and accountability of government programs, but the results of this study indicate that political and technical conflict play an important role in the relative value of factors in the decision making process, and that the use of performance information is influenced by this conflict. This research examines the complexities of the decision making process through applied historical analysis, and contributes to an improved understanding of the potential value of performance management in multiple government contexts.

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## CHAPTER 1

### PERFORMANCE, INFORMATION, AND DECISION MAKING: COMPETING THEORIES AND A HISTORY OF EARLY U.S. EDUCATION POLICY

The United States of America were forged in the fires of revolt over taxation without representation, a revolt that has influenced the American views of the appropriate size, structure, and reach of the federal government for over 200 years. Claims of government fraud, waste, abuse, ineffectiveness, and inefficiency strike at this longstanding distrust of centralized power, and have resulted in various demands for federal accountability throughout the nation's history. One mechanism to fulfill these demands, which began to be implemented government wide in the 1960s, is the measurement of the performance of government programs, which is meant to provide information that can be used by decision makers to minimize fraud, waste, and abuse, while maximizing effectiveness and efficiency of government programs. Today, the costs of the federal government, which continue to increase as a result of wars in Iraq and Afghanistan, from federal stimulus in response to the economic collapse of 2008, and from the growing size of mandatory public spending, all coupled with increasing federal debt as a percentage of GDP, continue to exert pressure on the federal government to find ways to meet these goals (GAO, 2012).

Over the past 50 years, ten national performance management efforts, which attempt to evaluate the performance of the entire federal government, have been implemented with a stated goal of making the federal government more accountable for efficiency and effectiveness. Eight of these have been initiated by the executive branch, with all but one president between Johnson and Obama being at the helm of a specific effort. Two related reforms have been initiated by Congress. Common among all ten efforts is a stated goal of linking government performance and the national budget. Promises of improved accountability, effectiveness, and efficiency, drawn



from a literature that extols the benefits of performance management (Hatry, 2006; Frederickson and Frederickson, 2006; Melkers and Willoughby, 2005; and others). However, also common among all ten is an extant body of research that finds, in aggregate, that each effort has failed to link performance outcomes to budget decisions, or has only impacted decisions in a limited way. This literature shows that the performance information generated by these efforts is either ignored or minimally utilized by decision makers (Radin, 2002; Radin, 2006; Julnes and Holzer 2001; Behn, 2003; and others).

This latter body of literature raises some concerns about the true value of performance management efforts, including questions of whether the cost of such efforts is worth the value of the resulting information. Additionally, it poses a challenge to performance efforts by showing that they are not a panacea for decision making, that a one-size-fits-all approach to performance is likely to result in limited usefulness for decision makers, and that other factors may often dominate the decision making process (Radin, 2006). These other factors, introduced in one form by Weiss (1979) as the four-Is of ideology, interests, institutions, and information, will be examined in detail in this study and applied to a mixed methods study of the performance-decision making nexus. To that end, this research aims to better understand the government decision making process, the role of information, including performance information, in that process, and the situations under which information is more or less likely to be utilized in that process. The primary goal of this research are to provide insight into all of the four-Is and their relative contributions to the decision making process, including the specific impacts of performance efforts in that process. In doing so, this study aims to identify areas where further exploration of these issues can benefit future efforts to initiate reforms.

Owing to the recognition from some performance scholars that evaluation of performance across the federal government in a one-size-fits-all approach relies on untenable assumptions (Radin, 2006), this research does not attempt to evaluate performance of such efforts across the entire federal government. Instead, this study will primarily utilize a contextually rich comparative case study approach to examine two cases, specifically selected to explore some initial hypotheses about performance information and decision making, and intended to serve as a jumping off point for future research examining these relationships in more policy areas and program types. These case studies will be complemented by a quantitative analysis of performance information in the larger context of other sources of information that may play a role in decision making.

Federal education policy will be used as the focus of this study. The following sections will examine the early history of Federal Education Policy in the United States, and its applicability to consideration of decision making and performance measurement, as a context for the two cases. These sections will explain the importance of education policy and the reason it was chosen as the focus of this study.

#### Early History of Federal Education Policy: 1635-1947

Over a period of more than 250 years, the federal government's role in education has been extremely limited. This chapter will outline the history of the federal role in education through 1947, after which the 'modern era' of federal education policy began. Choosing an appropriate date to separate the early era of education from the modern era comes with some difficulty. It could be argued that the modern era began in 1942, when the federal government created the GED program for WWII veterans. Similarly, it would be reasonable to say that 1965, a year marked by passage of both the Elementary and Secondary Education Act (ESEA) and the

Higher Education Act (HEA) could be the beginning of the true modern era of federal involvement. This research uses 1947, the year the Truman Commission Report was published, as its dividing line. In the Truman report, which will be described below, the federal government made some of its earliest arguments for expanded involvement in primary and post-secondary education.

Between the Declaration of Independence and the Truman Commission Report, two major transformations of education occurred: 1) the diffusion of free, publicly funded common schools to the majority of children and 2) the high school movement. A third transformation is arguably still underway, which would be considered complete once the majority of young adults complete four-year higher education (Goldin, 1999). The remainder of this chapter will discuss these three transformations, and will trace the federal government's involvement in education through 1947. This examination of early federal policy will illustrate the foundations of five program design questions that are repeatedly asked and debated, even in the modern era of education policy:

- 1) To what extent should the government provide funds?
- 2) For what should these funds be provided?
- 3) Who should the funds go to?
- 4) What must recipients do to receive funds?
- 5) How will the federal involvement be implemented?

#### National Involvement in Elementary and Secondary Education

The federal relationship with education can be traced back to the earliest days of the republic. In 1635, revenue from a sale of public lands was used to partially fund a school in

Boston, the first instance of a ‘public school’ in the United States. However, the first federal support of education did not occur until much later, nearly ten years after the Declaration of Independence, when the Continental Congress passed the Land Ordinance of 1785. Two years later, they passed the Northwest Ordinance. These early laws noted that “As religion, morality, and knowledge are essential to good government, schools and the means of education shall forever be encouraged.” (Cubberly, 1919) Although some founding fathers attempted to empower the national government to promote education through a national university during the Constitutional Convention (Farrand, 1911), the Constitution was ultimately signed without any mention of education, and has since been considered “reserved to the States respectively, or to the people.” As a result, all federal involvement in education begins with the question of the federal role. Specifically, should the federal government provide funding for a given educational policy? As we will see throughout the case studies, federal education programs tend to revisit this question of the scope of federal involvement, and the role of state and local governments, on a fairly regular basis.

The decision not to include education in the Constitution did not prevent the federal government from supporting education, as the land ordinances passed by the Continental Congress continued to provide land for common schools throughout the early days of the republic. Specifically, the ordinance granted land in the form of congressional townships to states as they were admitted to the union, reserving one section of each township for the building of schools. This practice continued with each new state through 1850, when California was admitted to the union and the land ordinance was amended to allot two sections of each township for schools (Goldin, 1999). In 1919, Cubberly states that ‘in all, the national government has given to the states for common schools [...] a total of approximately 132,000,000 acres of public

lands.” He estimates the value of this land at \$165,000,000, assuming a price of \$1.15 an acre. Although there are limitations to his methodology, his estimate can be converted from 1919 to 2011 dollars, which yields an estimate of nearly \$2.2 billion in current dollars. This would indicate an average subsidy for education of approximately \$160 million per year from 1785-1919, in 2011 dollar terms. This is a small amount, relative to today’s federal contribution to education, representing about 1.1% of the 2011 budget for Title I grants, which was about \$14.5 billion.

This access to land for education (Hirshland and Steinmo, 2003), which was the primary federal program for elementary and secondary education, combined with locally-driven effort to freely and openly provide common education to all white students (Heidenheimer, 1984), led to one of the most comprehensive and universal educational systems of all nations by the early 19<sup>th</sup> century (Kaestle, 1983). Through 1957, the federal role remained limited, and education policy was primarily driven at the local level by individual school districts (Kaestle, 2007).

Land grants, as the earliest ‘federal education policy,’ established the original education program design, answering the 5 questions above as follows: 1) The Continental Congress declared that the federal government should provide a subsidy to public education. 2) They decided that the subsidy would be for increasing the number of common schools. 3) They decided that this subsidy would go to townships in the form of land. 4) In exchange for receiving this land, the townships were required not to use the reserved sections for anything other than common schools. 5) Implementation would be carried out at the township level.

In addition to providing substantial lands dedicated to the creation of publicly funded schools, the federal government also indirectly influenced the first transformation of education (Goldin, 1999). Cubberly (1919) shows that, prior to the signing of the US Constitution in 1789,

education was treated as a private good, and generally provided in religious settings. The writers of the Constitution, recognizing the differences in religion and sects that composed the colonies, affirmed the right to free exercise of religion and prohibited the Congress from establishing a state religion. Cubberly argues that this decision was important to the development of public schools:

*“The far-reaching importance for our future national life of these sane provisions, and especially their importance for the future of public education, can hardly be overestimated. This action led to the early abandonment of state religions, religious tests, and public taxation for religion in the old States, and to the prohibition of these in the new. It also laid the foundations upon which our systems of free, common, public, tax-supported, non-sectarian schools have since been built up. How we ever could have erected a common public school system on a religious basis with the many religious sects among us, it is impossible to conceive. Instead, we should have had a series of feeble, jealous, antagonistic, and utterly inefficient school systems, confined chiefly to elementary education, and each largely intent on teaching its peculiar church doctrines and struggling for an increasing share of public funds (p. 55).”*

By the time of the Civil War, statistics indicated that the majority of children in the US were attending common school. These statistics, however, undercount the proportion of African-American students, who were not expected to go to school, and were, as a rule, excluded from these measures. This statistical milestone preceded compulsory education laws passed by that states, as the first of these was not passed until 1852 in Massachusetts, and were not adopted by all states until 1918 (Goldin, 1999). However, The compulsory education law in Massachusetts,

championed by Horace Mann, and related laws in the other states, helped to increase the proportion of students in common school toward the current levels (Kaestle and Vinovskis, 1978). The federal government played a minor role, at most, in this transformation. Education was developed primarily by local governments, and even by the time a majority of students attended common schools, those schools were mostly publicly operated, but often only partially publicly funded (Goldin, 1999). Funding and decision-making for schools were generally driven locally, either by townships or school districts (Cubberly, 1919 and Kaestle, 2007). Around the same time that compulsory education laws proliferated across the states, another shift was occurring in the philosophical approach to education. Specifically, most schools at that time required students to pass tests to move onto the next grade, and the overarching view was that students should have equal educational outcomes at the end of each grade (Gamson, 2007). However, many students were unable to pass the tests and remained in the same grade for multiple years, and it became clear that the underlying belief in equal education ability was unfounded. In this period, according to Gamson (2007), the approach to education shifted from a focus on equal outcomes to equal opportunity a shift that was pressed by progressive reformers. As a result, education practice became to acknowledge the inherent differences in student abilities, and began to modify their approaches to target these differences, with a goal of assuring that each student received an equal opportunity to learn.

Federal program design impacting primary schools continued to evolve during the early period of American education, with important decisions occurring in 1867, 1869, and 1939. First, in 1867 Congress decided that the federal government should be further involved in education to ‘collect statistics and facts concerning the condition and progress of education in the several states and territories, and to diffuse information respecting the organization and management of

schools and school systems and methods of teaching.” To accomplish this, they created a new Department of Education. The information they were required to gather would be provided to the states in aggregate, but the requirements for this data also imposed on the states a responsibility to share disaggregated information with the new department. Two years later, Congress revisited this decision, and decided to reduce the scope, but not the mission of the department, reducing it to the rank of Bureau, renaming it the US Office of Education (OE), and placing in within the Department of Interior (Cubberly, 1919), where it would remain until 1939, when it was placed in the Federal Security Agency<sup>1</sup>, where it would remain up until the Department of Health Education and Welfare was founded (Goldin, 1999). During this period, the Supreme Court ruling in Plessy v. Ferguson (1896), which established a doctrine supporting separate-but-equal schools for African-American students, was another important decision, this time to limit, rather than expand, federal influence on education policy. This decision helped to perpetuate a reality of two school systems that continue to have profound impacts on the modern era of education.

The second transformation of American education happened much more quickly than the first, and was influenced most heavily by changing economics and demographics, rather than by education policy at the local, state, or federal level. The growth in demand for workers resulted in a growth in the number of schools, and was the driving force in demand for schooling beyond the 8<sup>th</sup> grade. Between 1910 and 1940, the percentage of youth completing high school skyrocketed, from less than 10% to over 50% (Goldin, 1999). In particular, migration, which was incentivized by the Homestead Act and efforts to build a transcontinental railroad, both initiated in 1862 by President Lincoln, combined with a growing need for skilled farm laborers and an increased number of students who complete primary education following the spread of

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<sup>1</sup> A predecessor of the Department of Health, Education, and Welfare (Miles, 1974)



compulsory education laws, all combined to drive the movement for children to complete high school (Lee, 1963).

### National Involvement in Higher Education

The third transformation of American education, toward a population where a majority completes post-secondary education, arguably has roots stretching as far back as 1636, when Harvard University was founded. However, the majority of citizens in America still do not earn a college degree. In 2010, approximately 30% of the US population age 25 or older had a 4-year degree or higher, falling substantially short of a majority (US Census, 2010). Federal involvement in higher education lags behind its role in common schools by over 200 years, with roots in the Civil War and the Morrill Land Grant Act of 1862. Prior to the land grant Act, Congress passed the Homestead Act and an Act to construct an Intercontinental railroad, which drove expansion of the citizenry westward. In passing these acts, Congress provided land to the states for the purpose of establishing colleges of agriculture and mechanical arts (Goldin, 1999), and benefits were concentrated in the expanding territories (Lee, 1963). While higher education had globally been reserved to elites across the globe, these early efforts began to make it accessible to a wider demographic in the United States. These expansions were clearly driven partially by population growth, which necessitated ever-increasing need for improvements in food production, and by the Civil War, which drove an increased need for engineering and military education (Lee, 1963). This further changed education-related program design in the federal government. Specifically, these subsidies would go to states rather than townships, and they would require the founded colleges to primarily focus on specific fields of education. The scope of federal involvement was revisited in 1890, when a second land grant act was passed, establishing annual appropriations for land grant institutions, ensuring continued federal support.

This act also expanded the recipients of the federal benefits by establishing grants for non-white colleges (now known as Historically-black institutions of higher education). The federal government also provided additional support for agricultural education in 1887, when a provision in the Hatch Act provided support for experiment stations, in 1914, when Congress set up agricultural extensions, and in 1917 when the Smith-Hughes Vocational Act provided funding to agriculture, industry, and home economics education. This act also created the Federal Board for Vocational Education (Goldin, 1999).

By the turn of the 20<sup>th</sup> century, the federal role in education was mostly limited to the various land grants, and still fewer than 1% of the US population held 4-year degrees. That number was on the rise, and would reach nearly 4% by 1950 (Archibald, 2002). This trend was buttressed by several federal initiatives passed during WWII. This first of these initiatives was the creation of the General Education Development (GED) program, which allowed WWII veterans who had not earned a high-school diploma to secure secondary education degrees. This was followed by the GI Bill of Rights, which passed in 1944, which compensated veterans by providing subsistence allowances, tuition fees, and supplies for higher education. In 1952, the GI Bill would also be extended to veterans of the Korean War (Goldin, 1999). Each of these initiatives resulted in similar program design characteristics: 1) The federal government would support higher education, 2) the goals were to compensate Veterans of wars by improving their ability to earn, and also to transition them slowly back into the economy in order to accommodate the increased presence of women in the work force. 3) The financial support for these programs would go to veterans, who would 4) be required to spend them on qualified expenses.

As shown above, the early history of primary and post-secondary education in the United states is characterized primarily by local control of education, with some power vested in the states, and limited involvement of the federal government, limited almost entirely to the provision of land and money to be apportioned by the state and local governments to develop their own educational institutions. In the next section, this chapter will show how the tide of federal involvement began to shift from these early efforts to subsidize local control of education towards a more direct involvement in the steering and support of education in the United States.

### The Beginning of a Modern Era of Education

The role of the federal government in elementary and secondary education, as well as higher education, was limited and fractured between the nation's founding and the Second World War. In 1946, President Truman appointed a commission to consider the problems facing higher education in the United States, and the result was one of the earliest explicit calls for direct federal support of and involvement in education policy, The 1947 Truman Commission Report represents the dividing line between the early era of indirect federal support of local control of education and the modern era of increased direct federal involvement in setting and pursuing national education goals.

The Truman Commission Report was focused on issues of higher education, but it carried important implications for elementary and secondary education. The report declared two basic roles for higher education: to 'insure equal liberty and equal opportunity to differing individuals and groups,' – regardless of status, race, creed, color, or sex – and 'to enable the citizen to understand, appraise, and redirect courses, men, and events as these tend to strengthen or weaken their liberties.' Further, it called on the higher education community to become the means for every citizen to "carry his education, formal and informal, as far as his native capacities permit."

To this end, the report recommends lower college costs, a system of federally funded scholarships and fellowships, and elimination of racial and religious discrimination. The report also made recommendations about the content of curriculum, but stopped short of suggesting direct federal involvement in any curriculum development.

Explicit assertions of the need to provide equal education opportunity and federal preferences for subject matter were a departure from the established order of control in education policy. For the first time, the federal government had articulated a preference for the direction of higher education policy. Furthermore, this preference carried within it an implicit statement of preference about elementary and secondary education. Specifically, if every citizen should carry their education “as far as his native capacities permit,” and if this implies a college education, doing so would require that every citizen also has equal opportunity to develop their education in the elementary and secondary years.

Although aspects of the Truman Commission Report were similar to the language eventually enacted in HEA and ESEA, the report itself had little direct impact on education policy between 1947 and 1965. It did not establish a direct federal role in education, but it did introduce a shift in the way that federal decision makers approached education policy, which would continue to foment over the next several years, and would eventually provide the foundation upon which the direct federal role would be established in the Elementary and Secondary Education Act (ESEA) and Higher Education Act (HEA) of 1965.

### Education, Performance Efforts, and Decision Making

Education policy is an area that is ripe for examination of the four-Is that influence decision making. The tradition of local control of education in the United States is the source of a strong ideological opposition to federal involvement in education policy. The parochial school

origins of common education created a strong interest group, particularly among Catholic schools, that has had a sustained impact on the federal role. The history of segregation, similarly, led to civil rights interest groups that had a substantial impact on the shaping of the federal role in education. In addition, there is an institutional conflict between the Congress, which is elected from the localities where the traditional local authority of education resides, and the President, who is elected from a national vote. Finally, education is an area characterized by the pursuit of information, and a policy area where information is, at least publicly, regarded as highly valued. For this reason, it is a policy area where there is high potential to observe the utilization of information. The confluence of these factors makes education policy a good candidate for exploration of decision making factors and the role of information in the decision making process.

In addition to the value of education policy in addressing the four-Is, the two cases selected for the qualitative analysis are both firmly grounded in performance measurement efforts. Federal Student Aid (FSA), which houses the first case (student loans), is statutorily designated as a “Performance Based Organization,” which means that they are required annually to produce strategic plans and performance reports. Similarly, No Child Left Behind (NCLB), the current authorization of the second case (Title I), is designed around a system of measuring student performance on standardized tests and holding local education agencies accountable for the results of those assessments. This provides an example of the use of a one-size-fits-all approach to performance in a context other than government-wide performance efforts, which may help to understand the impact of such approaches.

### What Follows

This study will attempt to provide additional insight into the factors that impact governmental decision making and the utilization of performance information, with a focus on education policy drawn from two programs as cases and a larger selection of 56 programs for quantitative analysis. The following chapters will examine the academic literatures on government decision making and performance management, present the two cases and compare them, present the results of the quantitative analysis, and conclude by discussing lessons learned and future avenues for study.

Chapter 2 will examine the academic literature on government decision making processes. The chapter will focus on broad consideration of decision making, focusing on three competing models of decision making: rational, political, and interactive. The chapter will present the strengths and limitations of each of these models, and will focus on the role of information in each. In addition, the chapter will introduce several related concepts and frameworks that are important to understanding decision making, including the role of conflict, separation-of-powers in the United States, and models of congressional decision making, presidential politics, administrative behavior, and interest group influence. Because this research is focused on the broader understanding of decision making in the U.S. Government, each of these related concepts will be presented briefly and in simplified form. For example, interest group influence will be considered in aggregate to individual decisions, without in-depth consideration of which stages of the policy process they are attempting to lobby, the role of campaign contributions and rent-seeking in that lobbying, or the role of interest groups in mobilizing constituents to contact their elected representatives. The chapter will, however, attempt to reference related literatures that provide a more detailed examination of each related concept.

Chapter 3 will examine the academic literature on the specific issue of federal performance management, as opposed to state performance efforts, individual agency or program performance management, and pay-for-performance in employment. One focus of this chapter will be to explain the decision making model upon which these efforts are based. The chapter will introduce the activities and assumptions of performance management efforts, and examine the challenges that these efforts face, as related to each activity and assumption. The chapter will also provide a brief history of national performance efforts in the United States, beginning with the first such effort, the Planning, Programming, Budgeting System (PPBS), which was implemented across the federal government in 1965. PPBS, and 9 other performance efforts that have been initiated through 2012, will be presented and examined to see which activities they undertook, their results, and any challenges they faced. These ten efforts represent every government-wide performance management effort that has been implemented to date, and will provide a sense of the extent that commonalities exist among different efforts in the activities they perform, the assumptions underlying those activities, and the challenges that result from any flawed assumptions.

Chapter 4 will present the methodology and approach to the comparative case studies and quantitative analysis. It will combine insights from the decision making literature and the performance management literature, which have developed separately, and integrate aspects of the two to develop the framework for this research. The chapter will introduce three research objectives and related hypotheses, derived from these literatures, and then it will present the mixed-methods approach that will be used to examine those hypotheses. The qualitative portion of this approach is a comparative case study that will examine, explore, and compare two Department of Education (ED) programs: student loans for higher education through Federal

Student Aid (FSA) programs and state grants for primary education from Title I of the Elementary and Secondary Education Act (ESEA). It will explain how these cases were selected and the methodology that is used to perform the comparative case study research. The quantitative portion of this study will more broadly examine the market for information of 56 ED programs, by examining 10 fiscal years of data, explaining how the data were collected, and the models that will be used to examine them.

Chapters 5 and 6 will introduce the two qualitative cases, and explore them individually. Each of these cases will begin with a brief history that connects the early history of federal education policy from this chapter to the passage of their parent Acts, the Higher Education Act (HEA) and ESEA, respectively, and will describe all the titles of each act. From here, all the major legislative decisions about each program will be examined, and those decisions will be grouped into major eras for each act, which will be examined to understand the factors impacting decisions that occurred during each era. After that, each chapter will examine the impact of recent national performance efforts on their respective programs, and will end by summarizing themes related to the relevant hypotheses of the research.

Chapter 7 compares the two cases following the same structure that will be used for the individual cases in chapters 5 and 6. The final section of chapter 7 will summarize the two cases and highlight the importance of identified similarities and differences between them, noting evidence that conforms to the three hypotheses from chapter 4, as well as evidence that does not.

The preliminary conclusions from chapter 7 will also provide insight for chapter 8, which will contain the quantitative portion of this study. Chapter 8 will focus on the third research hypothesis, but will incorporate relevant findings from the cases to inform development of the model. The chapter will begin with an explanation of the market for policy information, which



includes information from a variety of sources, including performance efforts. It will discuss the expected impact of the public provision of information on the production of information from other sources by drawing on related economic literature. Next, the chapter will explain the selection of cases, model specification, and data before presenting the results of the analysis. The chapter will conclude by describing the limitations of the analysis, and relating the relevant results to the findings from the qualitative portion of the research.

Chapter 9 will conclude this study by integrating the results from the qualitative and quantitative chapters and relating them to the research hypotheses. Building upon the findings related to decision making processes, the role of information in decision making, and the relationship among different sources of information, it will attempt to develop a research agenda, moving forward, that could further clarify and expand upon these findings. In addition, it will attempt to relate the results to recommendations that could be practically implemented in the revision of current, and development of future, performance efforts.

## CHAPTER 2

### UNDERSTANDING DECISION MAKING: THREE COMPETING APPROACHES

The primary stated goal of performance management is to generate information which will be utilized by decision makers in support of their decision making process. Two key assumptions create a foundation for this goal. The first is related that performance information is the ‘right’ information for a particular decision, and the second is that decision makers follow a specific method of decision making, in which information has a direct relationship with the final decision. This chapter will review the literatures on information and decision making, and use them to explore these two assumptions. Throughout, the term ‘decision maker’ will refer to individuals who have are directly involved in the final decision. Throughout this study, this will primarily result in a focus on the Congress and the President, but will at times also refer to administrative decision makers working within particular programs and judicial decision makers ruling on a particular law, program, or policy.

The first section of this chapter will define ‘usable knowledge’ (Lindblom and Cohen, 1979) through a focus on the types, purposes, and functions of information, and will show that the ‘right’ information for a decision is dependent on a variety of contextual factors, including the ultimate function of the information, as well as what type of information it is, and it’s original intended purpose (Weiss, 2002). The variance in characteristics of usable knowledge is the source of considerable challenges to performance management efforts, as a single source of information is not likely the ‘right’ piece of information in all of these contexts (Radin, 2006).

The second section of this chapter will introduce three competing models of decision making. The first is a rational/technical model, which is the model upon which the assumptions of performance management proponents have been derived, and which assumes that information

is the primary factor in decisions and should directly influence the decision making process. The second model is a political/incremental model of decision making, which shows that political factors tend to dominate the decision making process. This model is routinely cited by critics of the performance movement as an alternative to its rational assumptions. The final model is interactive, and posits that decision making is built around an interactive process that allows technical and political factors to play a role in the final decision<sup>2</sup>.

The final section of this chapter will introduce a conceptual framework of technical and political factors taken from Weiss (1979), which states that political factors can be divided among ideologies, interests, and institutions, and, along with the technical factor of information, all influence decision making. This section will also introduce the concept of conflict in political factors, which will be used to present a framework for analyzing decisions that will be used throughout this research (Schattschneider, 1960). Further, chapter three will introduce Wilson's (1989) conceptual framework of bureaucratic type, which will allow for a deeper exploration of variation within the technical factor of information and the ways that performance management efforts perform in each.

### What is Usable Knowledge?

“Scientia potentia est.” This Latin phrase, meaning ‘knowledge is power,’ is a commonly accepted axiom of life. Taken broadly, it means that everything we decide to do depends on the information we have at our disposal. It is important to distinguish here that observation generates data, but that the accumulation and/or interpretation of data is necessary to generate information (Lindblom and Cohen, 1979). Government decisions on what to do, how to do it, and how much it should cost are partially dependent on information (Shulock, 1999). Every government action is driven by a series of decisions, each of which is the result of the information available to and

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<sup>2</sup> Throughout this study, ‘technical factors’ are used a synonym for information.

utilized by those decision makers. This information includes numerous things, including knowledge of personal preferences and the preferences of other actors that influence decisions, understanding of decision making rules, expectations about available resources, and specific substantive information about a particular choice (Lindblom and Cohen, 1979). Decision making can understood and improved through detailed understanding of the various sources, types, uses, and quality of information (Weiss, 1977).

The public administration literature has shown that information needs vary based on the stage of program implementation (Melkers and Willoughby, 2005), sectoral differences (Askim, 2007, Davies, Nutley, and Smith, 2002, and Van Dooren, 2004) cultures (Durant, 1999, Moynihan, 2005 and Pollitt, 2006), country of implementation (Pollitt, 2005 and 2006) and managerial uses (Behn, 2003 and Pollitt, 2006). Further, Wilson (1989) has shown that the ability to produce information and the type of information that can be produced varies by bureaucratic type. Thus, the demanders of policy information are expected to need multiple types of information, of which performance measurement is only one. This variation in need is multiplied by consideration that different actors may need different information even when considering the same decision (Feldman, 1981). As a result, much of the information created about programs is not used (Shulock, 1999).

Joyce (2005) also shows that different actors may need different information about programs, as they are participating in different activities and working toward different final products. For example, within an agency the department head may be interested in program effectiveness, staff distribution, and cost/outcome comparisons, whereas a bureau head may be more concerned with cost/output/outcome relationships, and line managers may be limited to concerns over costs and outputs. Moynihan agrees with this analysis, showing that individual

roles impact the selection and use of information (Moynihan, 2008). This characterization is copacetic with the long accepted axiom that, in governance, where you stand is where you sit.

### The Functions of Information

One framework that can be used to understand different needs for information is to consider the different functions for which it will be used. This use is in line with Majone (2002), who views information not as deterministic to decisions, but as part of a persuasion that is necessary to achieve desired policy outcomes. Weiss (1989) introduced four such functions: 1) support for preexisting positions, 2) warning, 3) guidance, and 4) enlightenment. The degree to which information is valid, accurate, and reliable impacts its ability to be used for these purposes (GAO, 2009). Data that has high validity, reliability, and accuracy is more likely to result in information that is also valid, reliable, and accurate, and therefore more likely to be accepted by other decision makers (Shulock, 1999).

When information is used to support preexisting positions, that use can be symbolic, as a way for a decision maker to prove that they are behaving rationally (Radin 2002). It can also be used as a means to persuade others and build support for that preexisting opinion (Majone, 2002). However, the defining characteristic of this function is that the preferred outcome, even though suggested by the information, was supported before that information was utilized (Weiss 1989).

Information as a warning appears in two forms. First, warning information might signal a crisis. When a warning falls into this ‘fire alarm’ category, it generally requires quick action. Warnings can also come in the form of ‘police patrols,’ which generally require tracking over time so that problems can be identified before they reach a crisis state (McCubbins and

Schwartz, 1984). In both cases, the presence of a warning generally results in a shift of attention from other priority decisions to ones aimed at fixing the alarm (Weiss, 1989).

Information as guidance most resembles a rational-comprehensive format, as it seeks to identify better ways, or the best way, to pursue a specified goal. When guidance information is utilized in decision making, it can result in changes to which goals are specified, shifts in inputs and processes, or a search for additional information about the outcome and impacts of a program or policy (Weiss, 1989). Using information as guidance can be particularly difficult when goals are unclear, ill-defined, or not directly measurable (Radin, 2002).

Finally, information for enlightenment is the most difficult to associate with an action, as it introduces new concepts, approaches, or information about programs, which may take time to result in a general reconception of the issues related to a program (Weiss, 1989 and 2002). Enlightenment can result in reframing of an issue which results in new ideological and interest coalitions and/or changes the topics of discussion (Weiss, 2001). This type of information may reduce the ambiguity or uncertainty of some issues, but may introduce new ambiguity and uncertainty into a discussion (Moynihan, 2006).

### The Types of Program Information and Purposes of Information

A typology established by Julnes (2007) describes the types of information used by decision makers and their intended purposes. The types of program information are implementation assessment, outcome monitoring, impact assessment, and values inquiry. Within this typology, the purposes of information are program oversight, program improvement, and program selection. (Julnes, 2007).

Julnes' types of program information primarily treat individual programs as closed systems, in which a given implementation assessment, outcome monitoring, or impact

assessment are singularly concerned with the actions and outcomes of a particular program. However, the addition of values inquiry as a type of information allows for consideration of tradeoffs between programs, as well as consideration of ideology, interests, and institutions (Weiss, 1979). In other words, the first three types of information are geared toward explaining how a program is doing, whereas the fourth considered whether the program, or specific goals of the program, is worth pursuing, relative to other priorities and alternatives for achieving the same goal (Julnes, 2007).

The first three types of program information are common performance indicators (Hatry, 2006). Implementation assessment parallels indicators for program inputs and processes, while outcome monitoring and impact assessment parallel the measurement of outputs and outcomes. Taken alone, implementation assessment is information that conveys the use of inputs and the process of program activities (Julnes, 2007). Many early performance initiatives were limited to this type of information (Hatry, 2006). Implementation assessments are generally used internally, to identify bottlenecks, pain points, and perceived shortcomings of the process that turns inputs into outputs (Julnes, 2007).

Outcome monitoring, despite use of the term outcome, is really information about outputs and intermediate outcomes, rather than long-term outcomes related to program goals. The use of outcome monitoring is usually concentrated in establishing and tracking benchmarks (Julnes, 2007). When used in conjunction with implementation assessment, outcome monitoring can serve as the basis for findings on cost effectiveness. Both implementation assessment and outcome monitoring, according to Julnes (2007), are associated with the purpose of program oversight. These types of information can help managers or political directors to identify

problems with progress toward enumerated goals and intervene as necessary. In other words, both are consistently associated with the warning function of information (Weiss, 1989).

Impact assessments are more evaluative than the first two, and are defined as information about the long term outcomes of the program (Julnes, 2007). When measuring progress towards enumerated goals, impact assessments are the most appropriate measures (Hatry, 2006). However, it may not always be possible to understand cause-effect relationships or to measure activities and outputs in such a way as to make impact assessments possible (Radin, 2006). Impact assessment is associated with program improvement, as it can be used to understand the impact of the program, evaluate it against enumerated goals, and decide whether more or less resources would be useful in attaining that goal (Julnes, 2007). This is consistent with the guidance and enlightenment functions of information (Weiss, 1989).

Values inquiry, as described by Julnes (2007), represents the preferences and procedures that result in goal specification. Values inquiry, in this way, can be seen as the basis for determining if a program has clear, defined goals. In addition, values inquiry can identify the differing values in a program area, and may serve as information that can be used to affect change in those goals. Julnes describes values inquiry as having a purpose of program selection. In other words, values inquiry seeks to make an argument that some goals and programs are preferred over others, so that decision makers can choose the best alternative. Ultimately, this reflects the support for preexisting preference function of information (Weiss, 1989).

This multitude of information types and goals obviates the impossibility of applying a one-size-fits-all approach to federal performance efforts (Radin, 2002 and 2006). No single information production activity is likely to produce information that simultaneously creates every information type, fulfills every information purpose, and performs every information



focus. Instead, it shows that when decisions are being made, considering the appropriate information will be critical in order for that information to have an impact on the decision making process (Shulock, 1999 and Weiss, 2002). However, as we will see in the next section, creating and distributing the most appropriate information may also not be enough, as information and knowledge are only one input into the decision making process.

### How are Decisions Made?

Government decisions include which programs to create, how much funding to allocate them, whether or not to continue them, and if they should be expanded, shrunk, eliminated, or replaced by other programs. This chapter will examine a number of contextual factors impact the way decisions are made. March (1994) considers these contextual changes to be modifications to the assumptions of the rational decision making approach<sup>3</sup>. He suggest that four dimensions of the decision making process – knowledge, actors, preferences, and decision rules – are the primary drivers behind the degree of rationality in a given decision.

Knowledge refers to the information that decision makers have before making the decision. This includes information about the current state of the world, the possible future states of the world, information about other actors in the process, and the degree of certainty behind these forms of information. Though the process is muddled, iterative, and non-linear, each decision includes consideration of internal and external preferences (political factors) and capacity to attempt or succeed in the chosen goal (technical factors) (March, 1994).

March's discussion of actors and preferences centers around the number of decision makers, their beliefs and identities, how those preferences impact the evaluation of a decision, and the relative importance of individuals in the decision making process. Actors can be partners, with consistent preferences and agreement of goals, or they can be in conflict. Without conflict,

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<sup>3</sup> The following paragraphs contain a detailed summary of March, 1994.

multiple actors mainly face issues of communication and coordination. Even though the perfect alignment of preferences is unlikely, sharing of information about preferences can lead to mutually beneficial decisions. In other words, the decision making process is reliant on a mutual sharing of knowledge and understanding of decision rules, and the result is decision making that reflects a rational conception of each individual's preference and identity and an eventual shared vision of success. However, when there are multiple actors who differ in terms of identity and belief, decision making is impacted by the relative power of individuals, the level of participation by different actors, and some degree of mutual accommodation of preferences to reach something that is 'acceptable' under the established decision rules.

Decision rules refer to the process used to arrive at a final decision. For individual decision makers this could be a rational-comprehensive, boundedly rational, maximizing, satisficing, or heuristic decision intended to maximize attainment of preferences, or a rule-following decision to ensure that decisions are appropriate for the given situation. In cases with multiple actors, decision rules center around the concentration of power needed to determine the decision. In hierarchical situations, the decision rule may be that a single powerful individual makes the decision, despite disagreement among individuals in other positions. On the other end of the spectrum are decision rules that require unanimity among all decision makers. Pluralities, majorities, and supermajorities fall along this spectrum.

In decision making at the national government level, decisions are ultimately resolved through a complex chain of actors, in line with March's framework, which often begins with congressional committees. In considering new policies or changes to existing policies, the congressional committee, as the center of expertise, often takes the lead. It is in the committee that initial decisions to place an item on the agenda or consider alternatives take place. In this

setting, the relevant decision makers are the individual committee members. According to Krehbiel (1991), in most cases, the committee's median legislator is the deciding vote on a particular policy, and the whole chamber will often vote to accept or reject that policy, which again depends on the median legislator. In this model, which assumes a unidimensional policy decision, the power of the median legislator is a reflection of the decision rule that a majority must pass such a bill.

In terms of political strategy, it is important to distinguish between the normal legislative process and the appropriations process. In normal legislation, most programs are scheduled to be periodically revisited and reauthorized, and changes to programs might only occur at that time (Schick, 2007). For both the cases in this study, the reauthorization schedule is once every five years. After that period, the legislation can be allowed to expire, can be extended in its current form, or can be reauthorized with policy additions or changes. Because of the ability to pass extensions, the reauthorization process is relatively low pressure, allowing legislators to 'kick the can down the road' if agreement cannot otherwise be reached (Kingdon, 2003). In contrast, the appropriations process happens annually, and failure to pass appropriations can result in a complete shut-down of the federal government, or of the agencies covered by individual appropriations bills. This increases the pressure on legislators to pass appropriations bills (Schick, 2007). As a result, using appropriations bills as a vehicle for changing policies or passing reauthorizations is one way that the majority party can attempt to overcome political opposition. This also changes the committees that consider the bill, and as a result, may change which individual legislators primarily consider the changes. This means that a different developed expertise will be used to consider the bill, and different interest group relationships may prevail (Krehbiel, 2002), which may also be a way to circumvent opposition.

The political advantages of using the budget process are challenged by the potential pitfalls of doing so. First, the threat of government shut-down increases the motivation to pass the bill, but does not guarantee it. If opposing sides stand their ground, resulting in government shut-down, both sides become vulnerable to the political backlash, and neither knows a priori which side will be blamed by the electorate (Schick, 2007). For this reason, using the budget process can be a high-risk tactic, if it fails. In addition, changing the Committee and base-expertise of the policy area may also have drawbacks (Krehbiel, 2002). Specifically, appropriators may not have the same detailed understanding of the policy area that led the authorizers to design programs in a certain way, and may not be aware of past experiences that inform policy design (Krehbiel, 2002), which can lead to counterproductive policymaking (Schick, 2007).

Once a bill moves from the committee to the whole chamber, there are opportunities to offer amendments, which is a way that the additional alternatives may be considered, which again depend on the preference of the median legislator. Assuming a bill passes in one house of Congress, the same majority rule and median legislator principles apply to the other house, and both must pass the bill. If the bills from the two houses are not identical, another committee must resolve differences and present the bill back to both houses.

Once a bill has passed both houses, the President, as a single actor, decides whether to sign or not sign the policy into law. While the president may influence which items and alternatives are placed onto the agenda and voted on in Congress, they do not have direct authority over the agenda and alternatives in lawmaking. When a president is presented with a bill, therefore, they face a yes or no decision to accept the policy. If they do not agree with the policy, they may veto it and send it back to Congress, and they may appeal to the public using

the bully pulpit, but they cannot force the Congress to consider a specific bill. At this point, the rules in Congress change from majority to super-majority, and now the ‘swing vote’ is not the median voter, but the voter that represents the 67<sup>th</sup> percentile. The legislative process of passing a law, however, doesn’t represent the full range of Congressional authority, which is supplemented in at least two ways. First, Congress has the power of the purse, and must pass appropriations for each of the programs they have enacted through law. Second, Congressional actors, such as GAO, may recommend actions by specific agencies or programs. While these recommendations aren’t mandatory, agencies often comply, because failure to do so could impact Congress’ appropriations decisions later.

The president also has some ability to introduce new items to the government or to institute new alternatives without the legislative process, through executive orders, proclamations, memoranda, and signing statements. However, each of these can be over-ridden by Congress or overturned by the courts, so a president must consider whether specific policies will be rejected by these other bodies. An Executive Order is a directive issued by the President as part of their duty to ‘take Care that the Laws be faithfully executed,” which carries the full force of law. They typically are orders to executive branch officers with the goal of directing how they manage the operations of government programs. A presidential proclamation is “an instrument that states a condition, declares a law and requires obedience, recognizes an event or triggers the implementation of a law (by recognizing that the circumstances in law have been realized)” (Cooper 2002, 116). These orders carry the same force of law as executive orders though their focus tends to be on those outside of the government. Memoranda, unlike Executive Orders and Proclamations, do not generally carry the weight of law. There are three kinds of memoranda: 1) presidential determinations, which are requirements passed in a law that require

the president to evaluate something before the statute can take effect; 2) memoranda of disapproval, which usually accompany vetoes, and 3) hortatory memoranda, which are broad policy statements, generally directed to executive agencies. Signing statements are more controversial, as they typically are merely comments on the bill signed, but may involve claims by presidents that they believe some part of the legislation is unconstitutional and therefore they intend to ignore it or to implement it only in ways they believe is constitutional.

Finally, once a bill becomes a law, the agencies are faced with a number of decisions. If the law is vague, agencies may have the opportunity to define the actual goals and implementation methods, and they will also determine how to prioritize the program amongst their other responsibilities. In this case, the president influences agencies through appointees and executive orders, Congress maintains oversight through budget authority (which faces annual decisions on how much to fund a program), and the courts may rule that the laws, regulations, policies, or procedures are not legal. Agencies must consider how their decisions will be responded to by each of these overseers as they implement the new program.

Once a program has been established, Congress, the President, the courts, the Agency, interest groups, and citizens may continue to be involved in shaping the program by opposing established goals, promoting additional goals, and attempting to more effectively or efficiently achieve any or all of the program's goals. At a minimum, each year will carry with it a budget request from the President and an appropriations decision from Congress. In addition, programs also must be reauthorized regularly, which often results in programmatic and operation changes. They may also be changed by the passage of new laws via the process outlined above.

This brief and simplified description of government decision makers highlights the importance of decision rules and individual preferences in political decision making and also

hints at the importance of actors who have influence over decisions without direct authority. For example, elected officials must keep in mind the preferences of citizens and interest groups, who may decide not to re-elect them, each branch of government must consider the checks and balances of the other branches, and agencies must be mindful of all their overseers.

Within this context, some academics have produced research that answered relevant questions about a program or policy, but which did not seem to impact any decisions about that program (Weiss, 1979). In fact, within the context of March's (1994) decision factors and the complex decision rules for governmental decisions, it has become apparent that, in many cases, information relevant to decisions is not utilized by relevant decision makers. Over a series of publications, Carol Weiss has examined the non-use of, as well as the factors impacting utilization of, evaluative research. Through these examinations, she has developed a framework of four-I's of evidence: Ideology, Interest, Institutions, and Information (Weiss, 2001). These four items reflect the factors that determine whether a new piece of information will be considered in a decision. Ideology, which represents people's core beliefs, can limit the use of information, because people will not utilize information that opposes their fundamental belief. Interest, which includes self-interest of potential users, can also be a limiting factor in the use of information. For example, if a politician has information about the effectiveness of a program to reduce poverty, but which is unpopular in their home district, they may choose to disregard the information in order to protect their chances at reelection. Institutions represent the normal way of doing business. Weiss explains with an example:

*"The U.S. Congress works largely through face-to-face dealings -- hearings, discussions with constituents and interest groups, talk with staffers, conferences, committee meetings. Members do little reading; it is not part of the organizational*

*norm. Research that arrives in written documents doesn't have much of a chance (p.286). "*

The final I, information, is important because it acknowledges that each new piece of information is created within a context of existing information. This comports with muddling through, bounded rationality, and heuristics, and the conceptualization of knowledge as only being impacted on the margins by new information (Lindblom and Cohen, 1979). Information that is identical to existing knowledge doesn't necessarily add value, information that runs strongly counter to the existing state of knowledge can be resisted by decision makers. In these cases, it must be compelling enough to displace existing knowledge.

Throughout this study, information utilization will be considered to fall into one of two categories. The first category will be considered rational use, and will be defined by two characteristics. First, the information will be explicitly cited in the decision making process, and second, the outcome of the decision will be directly related to the information. The second category of utilization is political, and will be characterized by use to support preexisting opinions, and by an indirect link, or no link at all, between the information and the final decision.

Weiss' four-I's are somewhat related to the design of individual policies. Salamon (2002) provides four dimensions of policy design, which track the four Is: coercion, directness, automaticity, and visibility (See table 2-1). Coercion, which relates to government restriction of behavior, is tied to ideology, as one of the key ideological debates in the United States is over whether the government has a right to intervene in various policy areas. Directness is loosely related to interests, and describes the extent to which government is directly involved in whatever policy area they have entered. With directness is low, that usually means that an interest is being subsidized to implement the provisions of the policy. Automaticity, can be



related to directness, but is more closely tied to institutions. Automaticity is the extent to which institutional arrangements are already in place (whether within the government or with an interest) to implement a given policy. Finally, visibility is related to information, as it refers to the extent that information about resource use for a policy is visible to decision makers and their constituents. In chapters 5, 6, and 7 – this research will show how policy design dimensions relate to the relative influence of the four-Is in the decision making process.

Table 2-1 Tools of Government and the Four-I's

<b>Dimension from Tools Of Government</b>	<b>Four-I Factor of Decision Making</b>
Coercion	Ideology
Directness	Interests
Automaticity	Institutions
Visibility	Information

The following sections will outline three general types of decision-making models, paying attention to Weiss' four-I model of evidence. First, it will highlight the technical and rational decision models that are mostly closely aligned with expectations of performance efforts. In these models, information is deterministic, as it is expected to reveal the objective best course of action. The second decision making models to be considered are political/incremental models, which assume a tendency toward the status quo<sup>4</sup>. Finally, interactive models of decision making will be examined.

### Technical and Rational Decision Models

Technical decisions tend to answer questions of implementation to 'best' achieve a given goal. The 'ideal-type' model of technical decision making is essentially a rational-comprehensive

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<sup>4</sup> Although this alternative approach, which originated in studies of incremental budget changes, is known in the literature as 'incrementalism,' it is important to note that incremental decisions can be rational and non-incremental decisions can be political. For this reason, I will refer to these models as rational/technical and political/incremental throughout this study.

approach to decision making. For example, performance information would be completely deterministic of budget decisions. These theories, in pure form, are wholly unrealistic. In the study of public administration, limits to rationality have been evident since at least 1947, with Herbert Simon's publication of "Administrative Behavior." In this study, Simon established the concepts of bounded rationality and heuristic decision making. In this model, decision makers take into account the information that is available to them, rather than all information, and make a decision, based on simplified set of rules, to make the decision that seems best, rather than a single objective best decision. This modification has been explored and expanded, showing that information overload, misleading heuristics, and selective use of information also prevent rational comprehensive decision making from being realistic (Moynihan, 2006 and 2008, Tversky and Kahneman, 1988, Van de Wall and Boivard, 2007). This does not mean, however, that all decisions are irrational or uninformed. Rather, the impossibility of a purely rational-comprehensive approach highlights the importance of the information available for heuristic decision making. Performance management, in fact, is premised on the assumption that information will, in some cases at least, improve decision making. The first government-wide performance effort in the United States was based on the idea of rational decision makers, and came nearly twenty years after Simon's work.

When information is given primacy, it tends toward understanding decision making in a way that reflects rational-comprehensive decision making theories. Rational comprehensive theories of decision making suggest that decisions are governed by an explicit consideration of all alternatives, with perfect information, to make the single best decision (March, 1994). In such cases, technical information is used to determine either the most cost-effective or socially beneficial approach to achieving a goal. These theories, in pure form, are wholly unrealistic. The

ideal type of rational comprehensive decision making is not strived for or achieved in practice, but is a model of what would exist in an environment where all options could be considered and evaluated accurately (March, 1994). However, technical information, which focuses on actions and/or cause-effect relationships, tend toward rational comprehensive approaches because they enable for the evaluation of existing programs and comparison of alternatives. In cases where goals are clear and measurable, technical information often can and does improve the effectiveness and efficiency of programs (Behn, 2003 and de Lancer Julnes and Holzer, 2001).

Although the rational-comprehensive model, in its simplest form, has been criticized, it continues to provide a standard upon which to compare decision making through the ideal-type. If decision makers used rational comprehensive processes, they would begin with a shared understanding of their objectives, and would be able to objectively agree upon and define goals clearly (Radin, 2002). They would be able to process all information needed to consider every relevant alternative and they would be able to predict the results of their decisions, so that they could make the universally best decision in a systematic way (March, 1994). Performance measurement has often been modeled around this way of thinking, and has included requirements to define concrete outcome-based goals, ways to measure progress toward them, and the optimal strategy for achieving that progress (Moynihan, 2008). However, research has shown repeatedly that a goal or set of goals are almost always subjective, almost never agreed to unanimously, and are rarely well-defined. They are often difficult or impossible to measure, and alternative strategies for achieving them are rarely considered at length (Radin, 2006).

These failures of rationality are inherent in its inability to explain all four functions of information. Rationality assumes that information is never used symbolically to support preexisting opinions. In fact, rationality assumes that information supersedes beliefs and

opinions, and will cause them to change in order for a decision to be made (Simon, 1947).

Rationality also has some difficulty explaining the enlightenment function of information, since a pure rational-comprehensive approach to decision making assumes that a single decision can comprehensively consider all aspects of an issue, and that gradual learning over time is unnecessary. Instead, rationality assumes that a decision can consider all warning information and all guidance information, and then make the best decision based on only those two functions.

Within the context of Weiss' four-I framework (1979), rational/technical models would expect any conflicts in ideology, interests, and institutions to take a back seat to information. The purest form of these models assume technical consensus, and therefore expect any piece of information to be directly applied in the decision making process, and at least partly deterministic of the final decision (March, 1994). Boundedly rational models, however, assume that information will either conform to preexisting heuristics (Simon, 1947), resulting in incremental 'muddling through' (Lindblom, 1957), or it will conflict with them. When new information isn't compatible with preexisting heuristics, there will be a bias toward ignoring it (Simon, 1947), but in some cases, the new information may overtake existing heuristics, resulting in enlightenment (Weiss, 1989). In any case, the main factor in rational decision making will be information, in the form of existing heuristics or new information, and the political factors will have limited impact on decisions.

Although performance measurement efforts have been designed based on the assumptions of the rational-comprehensive decision making model, they have faced challenges in implementation that parallel the realistic limitations of this approach. Performance measurement has clearly not transformed all decision making processes into rational-comprehensive ones (Behn, 2003; Radin, 2006; Moynihan, 2008; and others). In Weiss' terms,

this model of performance management assumes that the performance information produced will supersede any issues of ideology, interest, or institutions and be a deterministic influence on decision outcomes. However, just as identifying the nuance and limitations afforded by heuristic and contextual decision making have improved decision making theory, so can they improve the evaluation and understanding of the impacts of performance measurement efforts.

### Political/Incremental Models of Decision Making

Ultimately, the majority of performance efforts have been forms of performance budgeting, in which performance information is primarily intended to impact allocation decisions. However, As early as 1940, V.O. Key pointed out that in budgeting, allocation decisions are fundamentally trying to answer the question “On what basis shall it be decided to allocate x dollars to Activity A instead of Activity B?” As a result, the current state of affairs reflects a set of compromises and negotiations that have already been resolved. Because of this, argue proponents of equilibrium models, decisions will have a tendency to be incremental in nature. This is partly because the system of checks and balances in the United States is geared toward maintenance of the status quo, and most decisions require agreement among numerous decision makers (Wildavsky, 1964). Regarding existing policies, this is also because the policies and funding levels in place are based on previous agreements among these actors, which is based on a shared understanding of the policy that does not often undergo major changes.

Incremental theories of political decision making have been supported through a long scholarship that is often traced back to Aaron Wildavsky’s “Political Theory of the Budget Process” (1964) and related critiques of rational-comprehensive based reforms aimed at impacting the budget process, and even further to Charles Lindblom’s (1957) ‘science of muddling through.’. Wildavsky’s original approach to incremental budgeting was founded

largely on the reality that the breadth and complexity of government actions was simply too large to be considered all at once. Because of this complexity, coupled with the power of previous agreements, the largest determinant of a new budget is the previous budget. As Lindblom (1957) put it, “at their idealized best the relations between incremental analysis and political fragmentation constitute a method for the mutual adjustment of elements of policy to each other in the absence of sufficient human skill in both calculation and control to permit a single complex policy decision to achieve coordination.” Put more simply, in most cases, the current budget is considered a ‘base’ and any increase or decrease in overall spending is allocated so that agencies each get their ‘fair share.’ It is worth mentioning here that although incremental models are an alternative to rational-comprehensive ones, “muddling through” is not irrational. Instead, it is a boundedly rational behavior that is impacted by the context of pre-existing conditions.

In an incrementalist model, there are certain expectations for each of the decision makers described above. In the House of Representatives, the appropriations committee plays a key role in examining and as ‘guardian’ of the budget. The Senate committee, because it has much fewer resources, tends to serve as a check against the House, handling the appeals of agencies who are unsatisfied with the House committee’s decisions. The President, through the Office of Management and Budget (OMB), [the Bureau of the Budget when Wildavsky wrote this] starts the process by sending a request to Congress, based on presidential preference and stated agency needs. These needs, it is expected, are provided by agencies that are incentivized to maximize their appropriations. Throughout this *mélange* of actors, each performs strategically to maintain or increase funds available to their preferred policies or programs.

The political/incremental approach has been utilized and refined for several decades and has been consistent with the majority of political and budget decisions. The theory has provided

a sound basis for considering and understanding both policy and budget decisions. It is consistent with Lindblom's (1957) conception of muddling and Simon's satisficing (1947), as it explains an environment in which incremental learning leads to incremental changes. Within the context of Weiss' four-I framework, these models tend to assume that existing heuristics reflect not only the existing pool of information, but also the existing balance of political conflict in ideological, interest, and institutional factors. These political/technical models assume that this balance is stable, and will result in decisions that usually reflect the status quo. However, some decisions are decidedly not incremental (Kingdon, 2003). Although this has been acknowledged by incrementalist scholars from the very early days of the theory, including Wildavsky's (1974) acknowledgement of 'shift points,' it has not been thoroughly integrated into the theory. This is because incrementalism relies on an assumption that the ideology, interest, and institutions of decision makers are essentially stable, and that new information will generally not be able to displace those factors. For example, information on performance would not be expected to lead to any considerable changes.

Punctuated equilibrium models may explain non-incremental decisions. These models, championed primarily by Shepsle and Weingast (1981), posit that the policy environment reflects an economic market, which is a function of demand for a policy and government supply. The equilibrium of this market represents the current political and resource environment, and respective agreements. In this model, changes are very minor over time. However, in some instances an exogenous shock to the supply or demand curves can spur a non-incremental change in policy. For example, a natural disaster could cause an increase in homelessness, thereby generating increased demand for government subsidies of housing. Similarly, declaration of war may require shifting of resources that shifts the supply curve for other policies. In some cases,

the revelation of a particularly salient piece of performance information, like massive embezzlement of government funds, could punctuate the stability of government programs. This type of decision model is limited, however, because it doesn't sufficiently explain, other than in crisis situations, how major policy changes can occur. However, within Weiss' four-I framework, it does have slightly different expectations for each of the four factors. Like the base political/incremental models, it assumes that the current political/technical equilibrium will dictate most decisions, but expects that a major shift in any of the four factors may result in non-incremental changes. However, it is silent on what kind of shift would necessarily qualify. Interactive models, which will be considered next, help to explain why there are sometimes decisions without crises and the conditions under which major shifts might occur.

#### Integrating Theories: Interactive Models of Decision Making

Various interactive models have been introduced which seek to explain both rational and incremental decisions. This section will look at three variations of these interactive models: garbage cans, policy streams, and interactive dialogue. These models do not assume purely rational decision making, nor do they assume that decisions will tend toward the status quo. Instead, they attempt to develop theories of the circumstances under which decisions will tend toward rational/technical or political/incremental decision making.

Garbage can models are the first of the interactive models to be examined. In the garbage can model, decisions are dependent on the participants involved, their individual problems and solutions, and choice opportunities that allow participants to match their problems to solutions and vice-versa (Kingdon, 2003). Each opportunity represents a garbage can into which various problems and solutions are dumped by participants. If the 'choice opportunity' is understood as an exogenous shock, these models provide a similar outcome to the punctuated



equilibrium model, while offering the possibility implementing a new policy that may change the shape and location of the supply curve.

In a garbage can model, performance information has two roles. When viewed as a solution being thrown into the garbage can, performance information is best seen as a delay tactic (Kingdon, 2003). For example, when a decision is at hand, some decision makers may request that a study be done or that the program needs to be better understood, and as a result they might propose some type of performance measurement. In these cases, a performance effort can be viewed as an end unto itself, and the information produced therein would go into the garbage can for potential use in a later decision point. This reflects the second use for performance information in a garbage can model, related to the warning function of information. When performance efforts identify problems that need to be addressed, it may signal a warning that results in a search of the garbage can for potential solutions.

Within the model of Weiss' four-Is, garbage can models only tangentially address issues of ideology, interest, and institutions. The garbage can model primarily assumes that decision makers are searching through the can of problems and solutions to find matches that make sense. Decision making, in this model, is driven by politics, and information is only used in a supporting role for preexisting beliefs. However, this is not the case in most government decisions, including budget decisions, which occur every year regardless of whether the political environment has changes (Schick, 2007). The garbage can model implicitly assumes that these types of decisions will be incremental in nature, and therefore offer only a limited improvement over the other models discussed so far (Kingdon, 2003).

Policy stream models may explain decisions slightly better. Much like the garbage can models, the policy stream models rely on exogenous shocks (now called policy windows), to

adjust supply and demand curves and institute new policy ideas. This model presents three policy streams – problems, policies, and politics – which can be coupled whenever there is a ‘policy window’ to enact change (Kingdon, 2003). In these models, some problems are ignored, others are attached to ineffectual solutions, and some are actually resolved, but non-incremental change only occurs during coupling of the streams. This model has an explanatory advantage over the garbage can model, because the political stream incorporates some of the aspects of ideology and interests. Further, it allows for rational decisions without major shocks, but only in cases where a ‘policy entrepreneur’ can find a way to use that information to create a coupling of the streams, generally by connecting it to a problem. Ultimately, this model also suffers from an inability to explain all kinds of information use. While it can incorporate utilization to support preexisting opinions and as a warning, it fall short on explaining information used for guidance and enlightenment functions.

One of these models, called Interactive Dialogue (Moynihan, 2006), is particularly well suited to examining the overall decision making process broadly, as well as the utilization of performance information, specifically. This model argues that information comes from a variety of sources and, formally or informally, disperses through a community through processes of exchange and dialogue. This interactive dialogue defines information utilization as a process of presentation, exchange, and interpretation of information among stakeholders in a given area (Moynihan, 2008). This interaction may lead to shared understanding, greater agreement, and coordinated action amongst stakeholders, but may also lead to little more than a restatement of already expressed conflicting opinions among them. There are several ways that information can be transmitted in this dialogue. Information may be read from academic sources or professional publications, or it may be summarized into a short factsheet. The same information may also be

summarized in the media, or gathered through investigative journalism. Additionally, information can be communicated verbally between individuals and can be either opinion or fact. Each transfer of information may or may not accurately depict the original source and may pick up some interpretation imparted from each presenter.

Tracking the diffusion of information through the stakeholders relevant to a decision is very complex (Moynihan, 2008). For example, a think tank might publish a report that gets covered in a local newspaper. Reading the newspaper from their home constituency, a legislator may ask one of their staffers to read and summarize the report, and that staffer will summarize, focusing on the details most relevant to their legislator. This summary may end up being presented orally, and the staffer may or may not remember all the details. Everything communicated to the legislator may then be shared with other legislators, staffers, and the public based on that summary. Another legislator who received a summary with conflicting information may also enter the dialogue, and the two accounts may or may not be reconciled.

In the dialogic model of decision making, performance information represents just one source of information that can be used in decision making. Incorporating incrementalism into this model creates the following decision making context: There is an established pool of knowledge and experience, and a political equilibrium that has resulted in the current policy and budget environment. To this existing structure, information, including but not limited to performance information, can be exchanged in an interactive dialogue among decision makers which impacts the marginal (incremental) decisions about policy and budget, and which can, in some cases, also lead to non-incremental change.

Each new production of information, either intentionally or unintentionally, shares underlying assumptions about previously existing information (Weiss, 2001). For example, it

may carry with it the assumptions of the methodologies used to produce it, the interpretation of language used within it, or subjective opinions that are subconsciously integrated within the interpretations (Lindblom and Cohen, 1979). Decision makers who utilize this information may be focusing on what they believe is most relevant to their needs (Simon, 1947). For example, if a program operating in a home district is doing well, this information may be vital to securing additional funds and getting re-elected, so it may make sense to focus on those in the political dialogue (Fenno, 1978). However, if the program may be relocated to another district, a legislator from the potential new district may focus on the limitations of the program and how they could be better addressed in their own district. This selective use of information biases it in favor of certain outcomes, which can be used strategically to influence the decision making process.

Moynihan provides a possible explanation for the seeming lack of connection between performance information and budget decisions:

*Because the dialogue is political, its impact is neither determinative nor easy to predict. The impact depends on the political makeup of the actors involved – the positions they advocate, the roles represented, and the different levels of power and resources possessed (Moynihan, 2008 p. 96).*

In other words, performance measurement may add to the dialogue already present in the existing political environment, but should not necessarily dominate final decisions. This has also been viewed through a lens of organizational culture (Durant, 1996), in which the degree to which organizational culture is shaped to uniformly interpret performance requirements impacts the successful implementation of results-based initiatives. Moynihan shows that performance information, despite a tenuous or non-existent link to budget decisions, could influence decision

making processes as information is being exchanged among actors.

As Moynihan's model proposes that information is presented, exchanged, and interpreted, performance information must be viewed in conjunction with other policy information. He states that "Performance data offers [sic] us more information," but that this information will not necessarily be deterministic in answering political budget decisions. Interactive dialogue thus allows for decisions that appear to be rational/technical to be explained, but also provides a framework for decisions where information is not used rationally, or where it is not used at all.

Within Weiss' (1979) four-I framework, Moynihan's interactive dialogue is well suited to effectively consider each of the four-Is. Ideology can be incorporated in consideration of which decision makers interact, and the types of information they prefer. Interests can be represented in the interactive exchange of information, which allows for similar and competing interests to be identified and taken into account. Institutional norms can be accounted for in the variety of ways that information can be channeled through the dialogue, and previously existing information can be incorporated through the focus on dialogue, debate, exchange, and learning.

#### Using Knowledge and Decision Making to Develop a Research Agenda

This chapter has shown that there are multiple types, purposes, and functions of information, which may be useful to a variety of actors and circumstances. Further, it has examined rational decision making, upon which performance management has been largely based, and shown the limitations of that approach, along with competing decision making models, ultimately concluding that the interactive dialogue model had the greatest capacity to explain the full range of government decisions.

Interactive dialogue presents information use as a process of presentation, exchange, and interpretation of information between stakeholders in a given area (Moynihan, 2008). Because

The Interactive Dialogue Model can consider all four I's, it may provide a unique framework for viewing these findings by affording another mechanism through which performance efforts may impact the decision making process. Specifically, they show that performance information might have audiences other than those intended who are better suited to use it and greater situational value in some scenarios than others. In addition, given its ability to incorporate all four I's it provides a framework that can explain decisions that adhere to the rational/technical model as well as those that do not. Because of this, the case studies will examine major program decisions and performance efforts, comparing the rational/technical, political/incremental, and interactive approaches to decision making. The following chapter will attempt to classify historical performance efforts within the decision making models presented in this chapter. Chapter 4 will develop research questions, hypotheses, and a framework for analysis that will help to determine the conditions under which performance information is used in a rational/technical way, and when the other four-Is need to be considered more carefully.

## CHAPTER 3

### PROMISES AND PITFALLS OF THE PERFORMANCE MOVEMENT

The performance literature is divided between proponents, who identify the positive benefits provided by performance efforts, and critics, who discuss the assumptions behind these efforts, and the resulting limitations, usually with a stated goal of improving the ability of performance efforts to deliver on the promises of the former group. One of these promises is that performance efforts can link program budgets to performance data, creating opportunities for program improvement and accountability. This chapter will show, however, that this has not been the result for all programs, and that the literature explains the assumptions that lead to these limitations. This chapter will also introduce a program characteristic, bureaucratic type, as introduced by James Q. Wilson (1989), which may provide some insight into the circumstances under which the promises of the performance movement are most likely to be realized.

#### Assumptions of the Performance Mindset

The performance movement is founded on the belief that information about a decision can lead to better outcomes (Hatry, 2006). In the context of governmental decision making, performance measurement may be able to produce information for a number of different players in the decision making process, including: 1) managers and employees, who can use it to improve the way they function, 2) Congress and the President, who can use it to improve policy decisions, or 3) citizens, who can use it to decide their preferences for a particular mix of service provisions and mode of service delivery (Behn, 2003). In other words, information can help improve various aspects of decision making. The performance movement has attempted to produce information that can be used to improve decisions, but has often done so without specifying which decision makers should utilize it and for what purpose (Behn, 2002). The

attempt to formally collect, interpret, and utilize performance information through standardized systems is relatively recent, and most, if not all, of these attempts have assumed a rational-comprehensive model of decision making, in which the information produced would be deterministic in the decision making process (Radin, 2006). Throughout this research, the term ‘performance effort’ will be used to mean any system of performance measurement that is applied to the entire federal government in an attempt to assess the performance of individual policies and programs. The use of such systems by the U.S. government can be traced back to the 1960s, and the Planning, Performance, Budgeting System (PPBS) that originated in the Department of Defense, which was applied to the whole of the federal government in 1965 (West, 2011). Performance efforts have mostly originated, like PPBS, from presidential initiatives, but have also originated in the legislative branch. This chapter will discuss PPBS and other performance efforts, but first it must define performance measurement and management, and explain how they are implemented, what they produce, and obstacles to their success. This explanation begins with a definition of performance.

Harry Hatry defines performance management simply as ‘regular measurement of the results (outcomes) and efficiency of services or programs’ (2006, p. 3). Donald Moynihan defines it as ‘a system that generates performance information through strategic planning and performance measurement routines and that connects information to decision venues, where, ideally, the information influences a range of possible decisions’ (2008, p.5). The former of these definitions is too simple, as Hatry is focused on ‘performance measurement,’ and is thus only describing a small part of the process. While Moynihan has an expanded definition that explains the dynamics of performance management, it broadly refers to strategic planning and performance measurement routines, and fails to clearly state the goal of performance. Beryl



Radin provides an improved explanation of performance as ‘formal processes for determining whether program goals have been achieved and problems with performance that have been avoided’ (2006, p.1). She goes on to explain that a key expectation of performance is that the information generated therein will be used in decisions. The performance mindset, then, requires that these formal processes provide information that is utilized in decision making. However, Radin notes that there are several assumptions underpinning the performance mindset, which are often violated. Specifically:

1. Information is already available – it can be collected and turned used for performance management without difficulty
2. Information is neutral – it reflects a ‘truth’ about performance, and is free from subjective or political interpretation.
3. We know what we are measuring – goals are clear and well-defined, and can be observed and measured.
4. We can define cause-effect relationships – we are able to identify the factor(s) that contribute to success or failure, and target them for modification, as appropriate.
5. Baseline information is available – We can judge improvement by comparing performance information to that already available.
6. Activities (and results) can be measured and quantified – we can use numbers to determine whether a program is ‘successful.’

Radin shows that, although these assumptions may be met in some contexts, it is important to note that they will not always all be true. The following section will describe four activities of performance measurement, and will show how the above assumptions and resulting

limitations must be dealt with in performance efforts.

### Performance Effort Activities and Challenges

There are four broad categories of activity that occur when performance efforts assess a policy or program<sup>5</sup>. First, there must be a specification of program goals. Next, relevant data must be collected. Then, data must be analyzed, described, and interpreted in order to turn it into information. Finally, that information must be used in decisions. Until this point, this writing has used the terms performance measurement and performance management somewhat interchangeably, without an explanation of the difference between them. To clarify, performance measurement only entails the first three of these steps, while performance management requires all four (Hatry, 2006 and Bouckaert and Halligan, 2008). Each of these broad categories of activity include may also be broken down into several distinct steps, and each may face a variety of challenges, which will be discussed in the following sections.

#### Activity One: Specification of Goals

Performance measurement and management begin with decisions about what to measure. This is usually marked by some specification of goals, and is often accompanied by identification of desired outcomes (Hatry, 2006). Specification of goals can occur in a number of ways. First, goals can be stated in general (strategic) or specific (actionable) terms (Bouckaert and Halligan, 2008). For example, a performance effort may state that one of the important goals is transparency, or they may be more specific and state a goal that program information should be publicly available on the programs website. Goals can also have varied timelines, and may be short-term, medium-term, or long-term in nature. In some cases, performance efforts might

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<sup>5</sup> This section is a synthesis of work from a variety of performance scholars, including: Hatry's (2006) 15 steps for performance management workgroups, Moynihan's (2008) 3 step model of performance management, Bouckaert and Halligan's (1008) 3 activities of performance management administration, and other multi-step models from Behn (2002) and Pollitt (2006).

specify goals in all three timeframes, with intermediate outcomes identified at each stage.

Finally, goals might be specified at different institutional levels. For example, Congress might set a goal of a balanced budget that impacts the entire federal government, an agency might set a goal of implementing new systems across the entire organization, and a program might set goals about the provision of their specific services (Behn, 2003). These multiple goals reflect the desires of multiple actors in the decision making process, as different actors have different theories about the programs, understandings of cause-effect relationships, and ideological beliefs (Posner and Fantone, 2002).

The multitude of ways to specify goals highlights the first potential traps in performance measurement. The specification of goals in a performance effort may suffer from a lack of strategic focus (Posner and Fantone, 2002 and Joyce, 2005), from insufficient specificity to be actionable (GAO, 2005 and Behn, 2003), from inappropriate timelines (Newcomer, 2007), or from a focus on the wrong institutional level (Behn, 2002; Behn, 2003, Pollitt, 2006; Talbot, 2007; and Barnow, 1999). Beyond this, since there is almost always more than one goal, as specified by multiple actors in the process, the specification of goals must consider the share of resources to be dedicated to each goal. Finally, one or more stated goals may be in conflict with others (Wildavsky, 1974 and Dempster, Davis, and Wildavsky, 1967). All of these limitations are related to the third assumption identified by Radin (2006), which is violated when goals are not clear and well defined.

The pitfalls of goal specification lead to three findings about the failures of performance efforts. First, the presence of multiple and often conflicting goals cast doubt on the ability of a single performance effort to effectively produce information for decision making (Radin, 2006). In other words, the reality and complexity of government programs and policies prohibits the use

of a one-size-fits-all approach. Second, when performance efforts specify goals, they may either prioritize competing goals, or ignore some goals. This occurs most often in cases where individuals who are involved with the program are not given a chance to contribute to the specification of goals, and results in a lack of stakeholder buy-in (Newcomer, 2007; Posner and Fantone, 2002; Melkers and Willoughby, 2005; Gilmour and Lewis, 2006a; Gilmour and Lewis 2006b; Talbot, 2005; and Behn, 2002). Finally, misalignment of goals at institutional levels can lead to a mismatch of incentives (Behn, 2003; GAO, 2005; GAO 2012; and Politt, 2006). For example, employee goals may be misaligned with program goals, resulting in an organization culture that resists performance information (Durant, 1996; Dubnick, 2005; and Newcomer, 2007).

#### Activity Two: Data Collection and Measurement

The data used by performance efforts fall into several categories. The first of these are the *inputs*, or the resources utilized in production of *outputs* – the products or services being provided. *Outcomes* go beyond outputs, and represent the overall goals of production, rather than the product or service produced. Outcomes can be *intermediate*, meaning that they are thought to lead to the *end outcome*, or ultimate goal, but are not themselves a desired end state. *Efficiency*, often a stated goal of performance measurement, is the ratio between inputs and outputs or outcomes. *Performance Indicators* –numerical measurements of these information types – are the ‘data’ of performance (Hatry, 2006; Radin, 2006).

The quality of information depends on its research design, including its relevance and the accuracy and validity of the methods used to generate the data. Ideally, the data gathered are relevant to stated goals, sufficient and appropriate for understanding performance, and accurate, valid, complete, and reliable for interpretation of results (GAO, 2009, Weiss, 1977; and

Lindblom and Cohen, 1979).

The accuracy of data refers to the extent to which measurement or record of observing the data is correct (GAO, 2009). For example, if a program was producing widgets on an assembly line, and production amounts were estimated by multiplying a standard number of units produced per hour to the number of hours the production line was active, the resulting figure may not be accurate if production rate fluctuated over the period, for example, if one employee left the line. In this case, a count of widgets produced as they come off the line could be a more accurate source of data.

The validity of information refers to the extent to which the subject of measurement or observation is represented by the data collected (GAO, 2009). For example, knowing the number of students in one class is not likely a valid measure for the quality of their teacher. Additionally, multiple measures may arguably be valid in some circumstances. One person may believe that the most valid measure of intelligence is a student's GPA, for example, whereas another may believe that SAT scores are more valid. Some may utilize both measures, whereas others may prefer one over the other. Ultimately, however, if a measure is not valid, the data it produces won't be useful in interpreting performance.

Completeness of information refers to the extent to which the entire relevant population is represented by the data collected (GAO, 2009). For example, if a decision maker desires information about the average emissions of vehicles in a given area, a sample of hybrid cars would not completely represent the population. To be complete data could be collected on a census of vehicles, or on a statistically representative sample. A desire to know the national average of automobile emissions would require that the entire national population of automobiles of all types to be represented. However, if a decision maker only wanted to compare hybrids and

diesel engines, only those two types of automobile would need to be represented for the information to be considered complete. In some cases, multiple sources of data may be required in order to be sufficiently complete for interpretation (Hatry, 2006).

The reliability of data is largely dependent on the methods used to collect them (Yin, 2003). Data collection methods refer to the approach used to record information (GAO, 2009). Methodology, including identification of the relevant population, what instruments are used to record data, where and when data are gathered, and how data are observed, has a direct impact on the data produced. For example, if a statistical sample is developed using a population frame that is not representative of the population of interest, results may be biased. If a survey of individuals is administered in person, it may affect whether respondents are willing to answer certain sensitive questions. If data are gathered during rush hour in Los Angeles, they cannot represent daily driving habits in all of California. For decision makers to utilize information, they must believe that the methodological design is consistent with gathering data that will reliably provide them the information they want (Hatry, 2006 and Posner and Fantone, 2002).

Several pitfalls of performance efforts emerge during data gathering and measurement activities (Radin, 2006). First and foremost, gathering data that are relevant to stated goals, sufficient and appropriate for understanding performance, and accurate, valid, complete, and reliable for interpretation of results is a resource intensive and technically challenging activity (Cyert and March, 1963). Limitations in data quality are often cited as reasons for the lack of utilization of performance information (Dubnick, 2005; ter Bogt, 2004, de Lancer Julnes and Holzer, 2001). Beyond this, issues arrive during the measurement activity, which are related to four of the assumptions identified by Radin (2006). Specifically, assumptions 1 and 5 state that information is already available for measurement, and that there is a baseline of information for

future comparisons. This is rarely the case, especially since administrative data that may already exist often do not meet the standards of data quality outlined above (Frederickson and Frederickson, 2006), and the research design used to transform that data into usable information must do its best with the data available. Even the best research design may suffer from problems of bad data – garbage in, garbage out.

Additionally, assumptions 4 and 6 state that cause-effect relationships can be defined and that activities and results can be measured. This assumes that sufficient and appropriate data are available and an appropriate research design is followed. There are many examples of government programs that violate each of these requirements. For example, the government may have a goal of maximizing GDP growth, but determining which policy or set of policies would result in a maximum is impossible, because there is not a clear cause-effect relationship. Finally, it is not always possible to measure activities and outcomes. For example, in the field of research, progress may occur over long periods of time, and is sometimes characterized by long periods of effort before progress can be measured. Similarly, in the field of education, the ultimate goal may be to educate each person to a level sufficient for them to perform in whichever profession they choose, but measuring this outcome would be extremely difficult and resource intensive. In cases like this, performance efforts often use outputs or intermediate outcomes as a proxy for the desired ultimate outcome (Hatry, 2006). However, these intermediate targets are not perfect predictors of the ultimate goals (Radin, 2006). The ability to measure activities and outputs is used as the basis for a typology of bureaucratic organizations (Wilson, 1989)<sup>6</sup>. Where both can be measured, the bureaucratic type is production; where only action or only outcomes can be measured, the types are procedural and craft, respectively; when

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<sup>6</sup> Wilson describes these four types at an agency level, but this research will focus on the program level. This focus is based on the observation that agencies may have multiple programs, and those programs may vary in their ability to measure processes and outcomes.

neither activity nor outcome can be measures, the type is coping. These four types will be described in more detail below, and they will be used as a framework for examining the relative ability of programs to succeed in implementing performance efforts in chapters four through seven.

Production organizations are defined as those where both process and outcomes can be measured. In these organizations, Wilson argues, managers can potentially design a system of rules that will lead to an efficient outcome. However, one impact of this may be that those processes and outcomes that are easily measured may drive out work on processes and outcomes that are more difficult to measure, when a program has multiple goals. In a performance management context, we might expect to see production organizations whose primary goals are clear and well defined, and whose activities and outcomes are observable and measurable. In production organizations, secondary goals may be split into two categories. The first of these are goals whose activities and outcomes are also easily measurable, while the second are those with activities or outcomes that are harder to measure. Production organizations may elevate the importance of measurable secondary goals over those of secondary goals that are difficult to measure. In production organizations, the primary type of performance indicator will likely be outputs and outcomes.

Procedural organizations are those where process of the primary goal can be observed, but outcomes cannot. In these organizations, managerial focus is on professional expertise. The result of this is that standard operating procedures and rule-following become more important than results. In a performance context, we would expect performance indicators to be developed around process goals, and to focus primarily on inputs, secondarily on any measurable outputs, and generally not on outcomes. When required to produce outcome information, procedural



organizations may attempt to focus on the outcomes of secondary goals, which may be clear enough to measure outcomes.

The opposite of this occurs in Craft organizations, where the process needed to reach the primary goal cannot be measured but outcomes can. The defining management style of craft organizations is discretion for operators to perform, according to professional ethos. In a performance context, craft organizations may be able to produce output and outcome measures related to their primary goal, but may have difficulty providing measures of efficiency, since it is difficult to measure the inputs used to produce those outcomes. In public organizations, Wilson argues, craft organizations will tend toward establishing measures of process that are not directly related to the primary outcome, as a means of limiting the opportunity for abuse of discretion.

The last bureaucratic type, coping organizations, can measure neither the process of their operators nor the outcome related to their primary goal. Managers in these organizations must attempt to recruit staff with professional expertise, though they cannot be sure which expertise is appropriate, and must try to establish procedures that will lead to good outcomes, without knowing what those outcomes are. Aside from this, they must intervene during crises, even though they don't know whether the crises are real or persistent. In a performance context, we will not expect to see valid and reliable measures of inputs or the primary outcome, but instead will see output measures of secondary goals, potentially viewed as intermediate outcomes related to the primary goals. In this system, the program may alternate its focus among secondary goals over time, as none are ultimately able to present progress toward the final outcome.

### Activity Three: Information Production

After the specification of goals and collection of data, performance efforts must assess the data against some criteria, and summarize the results in some form of usable information. In

other words, they need to take the data they have gathered and process it into a form that directly relates to the goals that have been established. In this process, they need to prioritize the stated program goals, define what it means to be ‘performing’ towards those goals, as well as what the overall assessment of performance should be (Radin, 2006). After completing these steps, they need to determine if the data show evidence of performance against those standards, and then distill their findings into a format that can be used by decision makers (Weiss, 1977 and Lindblom and Cohen, 1979), and that information must be timely, both in that it is produced early enough to impact the decision and that the period represented by the information is aligned with the period of time that will be impacted by the decision (GAO, 2009).

Stakeholder buy-in is a critical component for performance efforts when they are establishing the goals they will be measured against, and continues to be important once the assessment begins and throughout implementation. A performance effort must be able to make a judgment about overall performance, even when some goals are being met and others are not. They may treat all goals equally, try to prioritize them independently, or seek to prioritize them through interaction with stakeholders. Ultimately, if the relative importance of goals is disputed, all the findings of a performance assessment may be called into question (Newcomer, 2007; de Lancer Julnes and Holzer, 2001; Posner and Fantone, 2002; Pollitt, 2006; and Melkers and Willoughby, 1995). In the legislative context, repeated findings suggest that national performance efforts are mistrusted, not valued, or completely ignored by decision makers, primarily due to their exclusion from the process of creating the metrics (Newcomer, 2007, Pollitt, 2006, and Posner and Fantone, 2002). This is true at the state level (Melkers and Willoughby, 2005) as well as in a federal context (Posner and Fantone, 2002). When federal efforts rely on states for information, there are additional difficulties because states tend to share

limited information, but also because states generally do not have standardized, comparable data that can be used together to develop national performance data and information (Majone, 1989).

The interaction of stakeholders also varies by Lowi's (1972) characterization of program type. Specifically, a distributive program, in which the focus is on the delivery of benefits to everyone, is unlikely to experience conflict among groups, because each is gaining from the program. In contrast, a redistributive program, in which there are groups that gain benefits, but those benefits come at the expense of other groups, conflict among stakeholders is more likely, leading to a higher likelihood of challenges getting agreement on goals across all relevant stakeholders.

Criteria are the standards against which performance is judged (GAO, 2011b). Whereas data represent the condition of a program, judging whether that condition is positive or negative requires criteria. In performance efforts, criteria should be (1) directly relevant to stated goals, (2) appropriate and sufficient to judge progress towards those goals, and (3) operationalized with respect to your research objectives. The operationalization of criteria is particularly important, because it requires the standard to be somehow observable or measurable (Hatry, 2006). This can be a violation of the sixth assumption identified by Radin (2006), as not all activities and outcomes are measurable.

Once a performance effort has determined whether the data suggest criteria for performance have been met, they must somehow report that determination. It is in this step that the data are given meaning and turned into information (Weiss, 1977). It is also during this step that the second assumption identified by Radin (2006) is often violated. It is unlikely that any data are completely neutrally distilled into usable information, as all judgment against criteria requires subjective processing. Subjective processing of data can have a range of impacts on

information (Simon, 1947). These can be generalizations from a single case to an entire population, such as a malfunction in one vehicle causing a recall of the entire fleet. They may also be less drastic, including the interpretation of levels of statistical significance. Because of heuristic learning processes, each piece of information processed by an individual is subconsciously filtered through their existing knowledge and made to reflect their own subjective understandings (Simon, 1947). As individuals interpret data and produce information, it will necessarily include this subjective judgment. In addition, performance efforts may sometimes be driven by political or ideological priorities, which may be intentionally misleading, subjective, or biased (Weiss, 1977; Moynihan, 2006; and Moynihan, 2008).

Failures of performance management are often the result of limitations in information production. Decision makers may disagree about the relative weight of individual goals, about the fairness or appropriateness of selected criteria, or about the neutrality of the resulting information (Newcomer, 2007; de Lancer Julnes and Holzer, 2001; Posner and Fantone, 2002; Pollitt, 2006; Gilmour and Lewis, 2006; Talbot, 2005. and Melkers and Willoughby, 1995). Above and beyond this, the way in which performance efforts present this information has an impact on whether it will be utilized. If information is presented too simplistically, it may be rejected for a lack of demonstrated nuance and understanding. However, if it is presented in too technical a format, it may be rejected for being convoluted or hard to understand (Behn, 2002; Burke and Costello, 2005; and Pollitt, 2006).

#### Activity Four: Information Utilization

In the final activity, performance measurement is transformed into performance management. The use of performance information in decisions is a key factor in determining the value of a performance effort. However, utilization is not guaranteed. First of all, failures due to

each of the pitfalls identified in the first three activities tends to surface during the utilization, or lack thereof, of performance information in decisions (Behn, 2002). In many cases, it has been assumed that utilization would take place during the drafting of the presidential budget proposal and the Congressional budget-setting process (Moynihan, 2006). Most literature that is focused on the pitfalls of performance management highlight its shortcomings by focusing on the lack of utilization in these budget decisions (Wildavsky, 1974; Radin, 2006; Moynihan, 2008; and others).

When examining utilization, the ‘ideal-type’ model of performance is essentially a rational-comprehensive approach to decision making, with performance information being completely deterministic of decisions (March, 2002). Rational Comprehensive theories of decision making suggest that decisions are governed by an explicit consideration of all alternatives, with perfect information, to make the single best decision. These theories, in pure form, are wholly unrealistic. In the study of public administration, limits to rationality have been evident since at least 1947, with Herbert Simon’s publication of “Administrative Behavior.” In this study, Simon established the concepts of bounded rationality and heuristic decision making. In this model, decision makers take into account the information that is available to them, rather than all information, and make a decision, based on simplified set of rules, to make the decision that seems best, rather than a single objective best decision. This modification has been explored and expanded, showing that information overload, misleading heuristics, and selective use of information also prevent rational comprehensive decision making from being realistic (Moynihan, 2006 and 2008, Tversky and Kahneman, 1988, Van de Wall and Boivard, 2007).

This does not mean, however, that all decisions are irrational or uninformed. To the contrary, the impossibility of a purely rational-comprehensive approach highlights the

importance of the information available for heuristic decision making. The continued popularity of performance management, in fact, is premised on the continued belief that information will, in some cases at least, improve decision making. The first government-wide performance effort in the United States was based on this belief, and came nearly twenty years after Simon's work.

It is clear that rational-comprehensive decision making is a simplistic model that fails to conform to realistic expectations, because it fails to consider multiple actors, multiple goals, and the resulting impossibility of information being deterministic in all decisions. Under the rational-comprehensive model, decision makers compare all possible alternatives and make a decision that is expected to result in the single best outcome (March, 1994). However, by integrating imperfections in the availability and understanding of information, unexpected consequences of decisions, and human cognitive limitations, theories of decision making have outgrown the simplistic model of rational-comprehensive decision making and eschewed it for a nuanced model of heuristic decision making. These approaches no longer expect a perfect rational processing of information, nor do they require a comprehensive examination of alternatives. However, they do continue to presuppose that individuals make *reasoned* decisions based on their beliefs, their understanding of others involved in the decision making process, and on some consideration of the information available to them (Simon, 1947). Not all of this information is not inherently good, and not all information will improve decision making. Some information is based on faulty data, misleading perceptions, incorrect interpretations, and generalization of unique cases (Weiss, 1989). In addition, de Lancer Julnes and Holzer (2001) find that implementation of programs tends to be more political than technocratic, and that overly rational performance measures are of limited use, while Newcomer (2007) finds that collaborative learning about performance measurement use would be necessary before decision makers could

move away from political motivations. Beyond this, some information is simply not relevant to the decision on hand. In some cases, one source of information conflicts with others. Given the full range of limitations of information, understanding the context of decision making becomes important to determine how information is valued, what kinds of information are used, and how decision makers receive the information they eventually use to make their decisions (Hird, 2005).

Despite these limitations, scholars who support the performance mindset have continued to focus on the use of information generated by performance information, rather than the need for a diversity of information that may need to be produced to overcome these assumptions. These include 44 potential uses of performance information listed by Van Dooren (2006), eleven major uses discussed by Hatry (2006), eight managerial uses enumerated by Behn (2003), and four types of managing performance illustrated by Bouckaert and Halligan (2008). It is possible to focus on the micro and meso uses of information and to identify cases where each might be accomplished. However, this research will focus on a broad, three-use categorization described by Van Dooren, Bouckaert, and Halligan (2010). This categorization says the main three uses of performance information are (1) to learn, (2) to steer and control, and (3) to give account. The first of these seeks to *improve performance*, the second to *control activities*, and the third to *communicate performance*. The next section will show that each iteration of government-wide performance efforts in the United States has stated goals in line with at least one of the uses. As shown above, obstacles to utilization include responses to the pitfalls of the three activities of performance measurement described above. In addition, utilization is impacted by these three uses of performance information. Specifically, when a performance effort is designed to learn, it is unlikely to be utilized for decisions to steer and control or to give account. In other words, the

goals of performance efforts therefore must be aligned with the purposes of the decisions being made.

The preceding sections have highlighted the activities and resulting challenges of designing and implementing performance efforts that impact decision making. Each of those sections has highlighted characteristic of performance efforts that impact the utilization of performance information. However, they have not provided an exhaustive list of the limitations of performance efforts. Even if every pitfall described above was circumvented, the resulting performance information faces utilization challenges outside of the scope of the performance effort.

#### Utilization Challenges that cannot be addressed in the Design of Performance Efforts

An extant literature on performance serves as a 'how-to' guide to performance measurement and management, largely focused on the issues described above. In addition, there are two bodies of research, based in political science, that challenge the performance movement on a more fundamental level. The first of these literatures has roots stretching back to the early days of PPBS, when Davis, Dempster, and Wildavsky published "A Theory of the Budgetary Process" in *APSR* (1966). In this article, the authors argued that the budget process, which was the primary target of PPBS, was inherently political and incremental, and that this cause performance information to have limited or no impact on actual budget decisions. After all, as had been stated by V.O. Key in 1940, the foundation of all budget decisions is an attempt to answer the question: "On what basis shall it be decided to allocate x dollars to Activity A instead of Activity B?" The answer to this question cannot be resolved by comparing performance of the two different activities alone. Consider, for example, whether poor performance means that a program should be eliminated, or if that means the program needs additional resources in order



to succeed. Over nearly 50 years of research, scholars examining incrementalism have repeatedly found the performance information has not had a direct impact on budget decisions. Building off of this stream of research, which shows why performance information's impact on budget decisions has been limited, a related stream of research has emerged to explain the processes of political decision making. This research is represented well by Donald Moynihan's (2006) model of political decision making that occurs in an interactive dialogue, which was discussed in chapter 2.

Almost 50 years of scholarship, since the government-wide implementation of PPBS, has challenged the ability of performance efforts to achieve results across the government using a one-size-fits-all approach. Scholars and practitioners have continued to adjust performance efforts to try and address challenges in the goal setting, data gathering, and information producing stages, and especially to promote the utilization of performance information by decision makers. However, incrementalism and interactive dialogue have shown that performance efforts do not produce information in a vacuum, that the status quo impacts future decisions, and that performance information must also compete with other types of information. The following section will briefly consider each of the major performance efforts over the past 50 years, highlighting areas where they have been successful, as well as obstacles they have faced.

### A Brief History of U.S. Performance Management

An examination of future and present performance efforts provides an opportunity to highlight examples of the four broad activities of performance management, their pitfalls, and the resulting limitations of performance information. For each of ten US performance efforts in place over the past 50 years, this section will identify the effort's purpose, the ascendant branch

(President or Congress) that initiated the effort, the approach toward the four activities and the model of decision making that best explains the design of the effort. It will also discuss the obstacles encountered in performance measurement and management, if any, and the resulting impact, or lack thereof, of the performance information on governmental decision making.

### Planning Programming Budgeting System (PPBS)

The immediate precursor to government-wide performance measurement reforms was the implementation of PPBS by the Department of Defense (DOD) during the Kennedy Administration (West, 2011). Robert McNamara introduced PPBS to DOD in 1961. Kennedy's successor, President Johnson, initiated the first full reform by ordering all federal agencies to implement PPBS. This budgeting system departed from traditional line-item budgeting in that it was the first to allow the costs and benefits of alternatives to be compared, and was meant to tie agency performance to budget decisions (Wildavsky, 1974). President Johnson announced five benefits that would result from the government wide implementation of PPBS: (1) the government would be able to better identify national goals, (2) choose the most urgent goals among them, (3) search for alternative, lower-cost, means of achieving goals, (4) project costs years into the future, and (5) measure performance (Schick, 1971). These goals align strongly with the steering and control uses of performance information, and also with the learning purpose. The first two identify a desire to specify goals of various government programs, and imply that such goals can be identified neutrally by the system, without mention of stakeholders. Goal 4 and 5 relate to the production of information, and assume that information is available and measurable, while goal 3 assumes that utilization will impact the decisions of process. Goal 3 implicitly assumes a technical/rational approach to decision making, and does not consider the potential for multiple/conflicting goals or limitations related to the inability to measure activities

or outputs. By 1968, the Bureau of Budget (now the Office of Management and Budget (OMB)) released a report that found the planning, programming, and budgeting functions had not been changed by PPBS (Harper, et al., 1980). By 1973, agencies were no longer required to use PPBS. In perhaps the most ferocious obituary of PPBS, it was declared to have “failed everywhere and at all times” (Wildavsky, 1974, p. 205).

PPBS’ downfall as a government wide performance effort can be attributed to problems in all four performance management activities, despite its continued relevance to DOD (West, 2011). PPBS assumed that goals could be clearly and explicitly stated, and did not consider competing goals or stakeholder interests. As a result, it tended toward a one-size-fits-all approach to specification of goals, controlled by the administration, and generally disregarded by Congress in budgeting decisions. It assumed that all government goals and activities could be measured, which proved untrue. Additionally, it was found to produce inconsistent or unreliable information. In the end, incrementalism dominated Congressional budget decisions. Like Mark Twain, however, rumors of the demise of PPBS were exaggerated. In fact, DOD still utilizes an updated version of PPBS, called Planning Performance Budgeting and Evaluation (PPBE). Because PPBS had been designed for internal DOD decisions, it escaped many of the pitfalls faced in government wide implementation (West, 2011). In addition, PPBS has been used in other agencies for internal decision making, including the National Oceanic and Atmospheric Administration (West, 2011).

### Management by Objective (MBO)

The end of government-wide PPBS was accompanied by the initiation of MBO, a performance effort championed by President Nixon in 1973. Instead of using the Executive Order approach, this reform was initiated through OMB policy memos, which directed agencies

to develop objectives that would be reported to OMB, so that OMB could measure performance toward those goals and use it to inform budget decisions (Sherwood and Page, 1976). This is another clear example of information intended to be used for steering and control. A fundamental tenet of MBO is that the focus would be on objectives, rather than on activities (Sherwood and Page, 1976). This is a strong example of a performance effort that was meant primarily to steer and control, as the process focused primarily on specification of goals. It assumed the ascendancy of the White House in performance management. However, MBO ran into challenges because this also assumed that specification of goals would serve as a way to make the performance information objective and increase its likelihood of use in a technical/rational manner, whereas in practice it excluded the Congressional role in defining goals and led to reduced utilization in budget and legislative decisions (Sherwood and Page, 1976).

Allowing agencies to develop their own objectives increased stakeholder involvement in the specification of goals activity, potentially because PPBS had demonstrated the difficulty of top-down definition of goals. Agencies, however, submitted trivial objectives to OMB to maintain the political advantages of having fuzzy goals (Sherwood and Page, 1976). Because goals were not clear and well defined, developing valid and reliable measures of performance was impossible, and the performance effort could not produce useful information for decision making. As a result of this continued information asymmetry, agencies were able to present their own information to Congress for budget decisions, and OMB lost interest in MBO, abandoning its implementation by 1976 (Sherwood and Page, 1976).

#### Presidential Management Initiatives (PMI)

President Ford initiated PMI on July 23, 1976, after a series of meetings with department and agency heads. Ford believed that the budget process was a valuable tool for negotiating with

agencies, which would serve “to improve the effectiveness of federal programs; to make agency operations more efficient; to foster governmental responsiveness to citizen and program clientele; and to increase operational accountability to the president, the Congress, and the public” (Haider, 1979). This statement implies that PMI’s purposes were the learning and giving account functions of performance management. As part of PMI, agencies were required to perform program evaluations that would be considered during the budget process. This collaborative approach to goal development was a potential middle-ground between the top-down PPBS approach and the bottom-up MBO approach, but it still did not include Congressional stakeholders. Like MBO, PMI had assumed that if they could ‘solve’ the goal specification issue, they could generate information that would be used in a technical/rational decision making approach. PMI never fully got off the ground, as a new president was elected approximately four months later, and no information was produced that could potentially be used in decision making. However, based on the similarity to MBO, it may have faced similar challenges if it had been continued.

### Zero-Base Budgeting (ZBB)

As Governor, Jimmy Carter had implemented ZBB in Georgia in 1971. After championing it throughout his presidential campaign, President Carter initiated ZBB and eliminated PMI through memorandum less than six weeks after taking office (Haider, 1979). ZBB operated under a model of presidential ascendancy, which required that each agency began with a “base” budget of zero, and had to justify their existence as well as every expenditure they would make for each budget. ZBB reflected the same assumptions of technical/rational decision making of the performance efforts that came before it. Unlike PMI, ZBB essentially assumed that goals were a given, and already clearly defined. Its silence on goal definition, and resulting

lack of stakeholder involvement, led to a lack of ownership among potential users of ZBB information. In addition, because the employees inside the agency were forced to justify all of their expenditures, their incentives were to overstate need, revealing a problem of organizational culture due to mismatch of performance goals. ZBB required measurement of current levels of service that would serve as a comparison tool for budget decisions, which again represents information used for steering and control. This, of course, was problematic for government programs that produce services, like national defense or education, which do not have easily measurable outcomes. Although a study three years after ZBB had been implemented in Georgia found that it had not been responsible for any shifts in resources (Lauth, 1980), Carter proceeded with government-wide implementation as President. Along with ZBB, Carter had also campaigned on a platform of federal management reform based in reorganization. In this larger context, Carter would lead the reorganization of departments and the creation of the Department of Education (Radin, 2012). Changes during his presidency were not attributed to ZBB, but to the differences inherent between his appointees and their Republican predecessors (Hammond and Knott, 1980). ZBB ended with Carter's presidency, as agency staff who did not perceive any benefit of the system failed to continue it (Lee and Johnson, 1983).

#### Productivity Improvement Program (PIP)

President Reagan implemented PIP by executive order in 1986. PIP was a part of a larger reform, the President's Management Improvement Program, also known as Reform '88. The stated goal of PIP was "to improve the quality, timeliness, and efficiency of services provided by the federal government (EO 12552)," implying use of information for learning. Like previous reforms, the PIP sought to integrate performance measures into the budget making process, adding an element of steering and control. PIP required selected agencies to submit an annual

productivity improvement plan, which identified areas where productivity could be improved. The goal of PIP was primarily one of cost reduction, but was never shown to accomplish its goal of using performance measurement to increase productivity and modify the federal budget.

Ultimately, this was because it assumed presidential ascendancy, and imposed a private sector model of decision making on process, led by the Presidentially named Grace Commission, a group of private sector CEOs, which viewed Congress as a board of directors (Radin, 2012). However, Congress is involved in implementation, especially through setting the budget. The Grace Commission largely ignored this role, complaining of ‘Congressional meddling.’ In addition, the failure of PIP was due to a top-down setting of specific cost-reduction targets that were independent of program goals, and which reduced stakeholder buy-in and caused clashes with organizational cultures, but also because it created a de facto equality of goals by prescribing the same cost-saving target of 20% to all impacted programs (Hubbell and Kinghorn, 1988). By specifying the intended result of PIP as separate and distinct from the outcome of the productivity performance measures, the performance effort resembled some aspects of the garbage can model of decision making (Kingdon, 2003). In other words, the performance effort was an already existing solution, which was tied to the problem of high costs of government, without having been tailored to the actual problem. Following the Reagan administration, President Bush Sr. is the only president who did not implement a government-wide performance measurement reform, although he did continue many of Reagan’s efforts, including an expansion of Cost-Benefit Accounting in an attempt to improve productivity.

#### National Performance Review (NPR)

Like Reagan, President Clinton implemented a government-wide reform. This package, the National Performance Review (NPR), is the first to explicitly include performance in the

title. This was also the first reform to explicitly acknowledge the political dimension of decision making and establish a strong presence of the administration in setting agency objectives. NPR's agenda was broad and multi-purposed, and included efforts to affect policy, reorganize the bureaucracy, control budgets, empower bureaucrats, improve customer service, and change the ways decisions were made (Kettl, 2002 and Radin, 2012). NPR highlighted an executive push toward "Steering not rowing," which highlighted its connection to the goal setting function of performance (Osborne and Gaebler, 1992). Even in the early implementation of NPR, there was concern that, like previous reforms, it would assume executive ascendancy and ignore Congress, characterized by Rosenbloom's (1993) urge to reformers "Don't Forget the Politics!"

Like Reagan's efforts, much of NPR drew on the practices of the private sector. Al Gore (1993) argued that "the President should craft agreements with cabinet secretaries and agency heads to focus on the administration's strategy and policy objectives" (p. 75). This collaboration was similar in design to that of PMI. Clinton also issued executive order 12862 establishing "customer service standards" for agencies. This order thus explicitly defines performance standards as responsive to customers, rather than the agency, Congress, or the President, and expanded citizens into a new stakeholder role in performance efforts. NPR's goals are thusly also aligned with the learning and giving account uses of performance information. The rallying cry of NPR was "do more with less," and the administration successfully motivated many agencies to hold a stake in achieving that goal (Gore, 1993). In addition, NPR can be linked directly to some decisions. For example, NPR produced information in the report "Strengthening the Partnership in Intergovernmental Service Delivery" which motivated President Clinton to issue an executive order (E.O. 13083) that attempted to provide guidance on federal agency activities related to federalism. However, it is not always clear what the impacts of NPR, as a whole were.



Kettl (1995) explains that there are really 3 versions of NPR: 1) a political campaign to attract voters for Clinton, 2) spreading 'reinvention gospel,' and 3) actual changes driven from within agencies.

NPR lacked a centralized data collection and interpretation effort, relying instead of agencies to internally generate and use performance information (Gordon, 1994). By limiting the intended utilization of information to the stakeholders involved in enumerating goals, NPR improved utilization of the resulting information. However, NPR was not without its challenges, as it suffered, like all the other performance efforts from a consistent inability to measure all the different activities and outcomes being produced by the government, which reduced its ability to consistently perform as a rational/technical model of decision making would predict (Kettl, 1995). It was "anything but reluctant" to advocate restrictions of 'congressional micromanagement" (Light, 1997). Further, it had an uneasy relationship with OMB, which was not significantly involved in the effort (Moynihan, 2008).

### Government Performance and Results Act (GPRA)

During Clinton's administration, the first and only legislative performance effort was enacted, the Government Performance and Results Act (GPRA). The White House did not propose this performance effort, but it was supported positively by President Clinton, and tightly linked to NPR (Light, 1997). GPRA's stated goals encompass all three uses of performance information, requiring agencies to set strategic objectives (steering and control), reach performance targets (learning), and report their results publicly (giving account). GPRA was designed in the Senate Committee on Governmental Affairs (CGA), largely influenced by the Republican membership (Radin, 2006). Although GPRA had a focus on influencing budget decisions, the CGA had a limited role in the budget process. GPRA provided agencies with

substantial discretion in specifying goals, collecting data, and providing information, and provided several years for agencies to prepare before official implementation in 1997 (GAO, 2005). Although agencies had a similar freedom to design their strategic plans and performance goals as they had in MBO, they had less incentive to shirk the responsibility, since their reports went directly to Congress, which theoretically increased the possibility it would be used in budget decisions. This process has elements of the rational/technical and the interactive approaches to decision making. Information produced by GPRA would be considered, but was never intended to lead to singular definitive decisions, as it could be considered alongside other factors relevant to decision making. However, several agencies continued to face the insurmountable problem that some of their program and policy goals were not inherently measurable through activities and outcomes (Radin, 2006). Furthermore, increasing contracting of government services further challenged the ability to measure either activities or outcomes of many government services (Frederickson and Frederickson, 2007). Further, strategic plans and performance reports tended to focus on issues of efficiency, rather than of program outcomes, which resulted in a greater likelihood of internal usage, with limited evidence that it ultimately played much of a role in Congressional decision making (Moynihan, 2006).

#### Program Assessment and Rating Tool (PART)

President GW Bush revoked Clinton's NPR reforms via memorandum in 2001, replacing it with the President's Management Agenda (PMA). GPRA remained in place, and while PMA incorporated performance measures into a larger reform package, a more elaborate performance measurement system was enacted through OMB in 2003. This system, the Program Assessment and Rating Tool (PART), was meant to tie budget decisions directly to performance (OMB, 2004). According to OMB, PART is intended to be the executive implementation of GPRA

requirements, and stated goals are also in line with all three types of information use. This is an attempt to impose ascendancy of the President onto the GPRA legislation. However, numerous sources have shown that the two programs have different requirement and goals, and are often at odds with one another (GAO, 2004 and 2005, Radin, 2006). While agencies are directed to establish their own objectives, OMB has the final decision to approve objectives before they are measured, indicating that one of PARTs purposes is the control function of performance management. Ultimately, PART would be challenged for its differences from GPRA, but also because of the tension between presidential and OMB direction of goals, which ignored Congress, when compared to the discretion that GPRA provided to individual agencies.

PART was first revealed as a part of the Office of Management and Budget's (OMB) annual budget in FY2004. The program evaluated nearly all of the national government's programs, 1,016 representing nearly 98% of the budget, over a five-year period. This task required numerous labor hours within OMB and all evaluated agencies, which also sometimes contract-out to private companies many of the evaluation tasks. PART was a presidentially driven action that has cited the congressionally driven GPRA legislation for its justification, despite their difference in purpose and time frame (GAO, 2005a).

Despite rhetoric that PART was an extension of GPRA, that it was a collaborative effort with agencies, and that it was intended to be a supplement to other forms of information, it suffered from many of the same pitfalls of other performance efforts. While OMB stated explicitly that the information from part would not be considered alone or be deterministic in decisions, resembling an interactive dialogue model, the process was often different in reality. First, goal specification was largely dictated by OMB, causing unrest among agency and Congressional stakeholders. Second, programs where measurement is not possible were often

rated poorly for not having measures established. Finally, OMB examiners were often viewed as subjective, in violation of the assumption of neutral information. Although PART scores seem to explain some variation in the President's budget proposal, they explain less of the variation of actual changes in the budget passed by Congress (GAO, 2004; Gilmour & Lewis, 2006b).

These findings indicate that, as suggested by an incremental approach, Congress may not be heeding the information provided by PART, or that PART has indeed only been a part of the dialogue in budget decisions, per the interactive dialogue approach (Moynihan, 2006). This is due to the many mismatches between PART and GPRA, which include a failure by PART to consider different program types, lack of stakeholder involvement in goal specification, evaluation on criteria outside of program intent, and a skewed rating that awards programs with more explicit authorizing statutes (Gueorguieva, et al. 2007). Radin (2012) summarizes the lessons learned about performance measurement up to the inauguration of President Obama with 7 findings. 1) A one-size-fits all approach is not a panacea for decision making. 2) The structure of the government itself - a "crazy quilt of program and policy design" – makes a government-wide approach untenable. 3) Different programs have different approaches, varied and often conflicting goals, and multiple values. 4) The relationship between Congress, the Executive, and OMB must be balanced, as GPRA did not place a decision making role on OMB, while PART exclusively relied on OMB and ignored Congress. 5) It is important to make sure that performance information is tailored for its expected users. 6) Even when performance efforts are pursued by various programs, there are often resource needs to conduct performance management successfully, which are not provided to the programs in sufficient amounts. 7) Performance information rarely aligns with the timing and politics of the budget process.

### Goals-Engagement-Accountability-Results (GEAR)

President Obama's Office of Personnel Management (OPM) released a memo in October 2009 inviting agencies to voluntarily perform program evaluations to support budget requests. This memo also put together an interagency working group to "promote stronger evaluation across the federal government." In November 2011, this group issued a report "Goals-Engagement-Accountability-Results: Getting In **GEAR** For Employee Performance Management." This report describes a framework for program performance evaluation, which is being piloted, as of March 07, 2012, by five agencies: The Department of Energy, OPM, the US Coast Guard, Department of Veteran's Affairs, and the Department of Housing and Urban Development. Details on GEAR are limited, as it is in early stages of implementation, but it is clear that a primary focus is the alignment of organizational culture with performance management goals. It appears that this is being done collaboratively with agencies, which may help to alleviate problems of stakeholder buy-in in the future. It appears that the primary purpose of GEAR is the learning function of performance management, and the collaborative nature of its implementation may signal that it is based on an interactive model of decision making. The report, however, is silent on plans to address measurement and reporting issues, or impact on incremental decisions and utilization in a political dialogue alongside other forms of information. While this effort has not yet risen to the level of a government wide performance effort, it does provide some insight into a potential future direction for performance management in the federal government.

### GPRA Modernization Act (GPRAMA)

In 2010, Congress reauthorized and amended GPRA, in order to address certain shortcomings that had arisen. The primary area of changes to GPRA was related to the

production of information activity of performance efforts. Specifically, low levels of utilization of GPRA information were diagnosed as a problem, and several requirements were added to the law in an attempt to solve it. Although GPRAMA built on the experience of both GPRA and PART, PART was not mentioned in the legislation (Radin, 2012). The added requirements include: 1) disclosure of information about accuracy and validity, 2) data on crosscutting areas, 3) quarterly reporting on priority goals on a publicly available web site, 4) instilling sustained leadership commitment and accountability for achieving results, and 5) engaging Congress in identifying management and performance issues to address. GPRAMA assigns responsibilities to a Chief Operating Officer and Performance Improvement Officer in each agency to improve agency management and performance (GAO, 2011). GPRAMA is very early in its implementation; with ED releasing their first GPRAMA required strategic plan in November, 2011.

Although it is too early to evaluate the success or failure of GPRAMA, it is possible to delineate how it approaches each of the four activities. Regarding goal setting, GPRAMA, like GPRA, provides substantial discretion to agencies, though it now has the added requirement of ‘engaging’ Congress. This may result in information that is utilized in a greater number of Congressional decisions. However, the lack of a defined role for the President could result in something like PART: a separate, different program, presented as executive implementation of GPRA, but intended to supplant it. Issues relating to data collection and measurement have not been substantially addressed, and the added requirement for data on crosscutting issues may exacerbate the difficulty of measuring activities and outcomes, especially since it is often difficult to determine cause-effect relationships among multiple programs that support the same goals. This is a potential source for later issues of utilization. Production of information is

enhanced by requirements to present information regarding data accuracy and validity, and supported by reporting requirements. Finally, utilization may still be limited in areas where measurement is difficult, or where there is continued conflict over goals.

### What More Can we Learn about Performance Efforts?

This chapter has reviewed the literature and history of performance management in the US and identified the recurring themes of the importance of performance management design and limitations. The sections above have shown that there are consistently recurring promises and pitfalls associated with performance efforts. In the area of performance management activities, it shows that the specification of goals activity often results in a lack of stakeholder buy-in, multiple or conflicting goals, and issues of conflicting organizational cultures. Further, it has highlighted the importance of data relevance, accuracy, validity, and reliability, as has raised concerns about the assumption that all activities and outcomes can be measured. It has further shown that the performance effort must also have a goal that is aligned with the way the information it produces is intended to be used, and that the production of information must attempt to resolve issues of neutrality and subjectivity. Finally, it has shown that above and beyond design limitations, the nature of decision making and the competition of performance information with other forms of information in an interactive dialogue, further limit the utilization of performance information and its direct impact on decision making. These limitations reveal gaps in some of the fundamental theories that underpin the performance movement. However, they do not disprove the hypothesis that information about a decision can lead to improved decision making and better outcomes. Rather, they reveal the importance of considering performance information in the broader context of other available information, while considering policy and program characteristics, such as the clarity of goals and ability to measure

activities and outcomes, when determining how performance measurement will be done. The literature on information production and utilization, which was examined in chapter two, has developed separately and distinctly from research examining performance efforts. Chapter four will combine our findings from these two chapters to develop hypotheses and a research methodology to further examine what we know and can know about performance efforts.



## CHAPTER 4

### RESEARCH METHODOLOGY, DESIGN, AND HYPOTHESES

Chapters 2 and 3 highlighted different models of decision making and challenges with the production and utilization of performance information in a political context. These chapters showed that performance efforts face numerous challenges to utilization that limits their ability to impact decisions, but also shows that, in some circumstances, performance information can be an input into a political dialogue that impacts decisions and potentially improves outcomes. Failures of performance efforts are often attributed to a lack of utilization, but can be traced back to issues of goal specification, data collection, and information production. Further, little work has been done to separate issues internal to performance management with the broader context of other forms of information and political dialogue. Specifically, chapter 2 introduces a framework of the four I's of decision making (Weiss, 1979), of which information is only one of the 4 inputs, as well as three models of decision making. Chapter 2 also introduces the concept of conflict, whether political or technical, and its impact on political decision making. Ultimately, this chapter proposes that an interactive model of decision making and the four-Is of evidence, considered together, can explain decisions that conform with rational/technical expectations as well as those that conform to political/incremental expectations. More specifically, it hypothesizes that examination of conflict will help to explain the situations under which each of these models may appear accurate. Because information may enter the political dialogue in situations where there is no political or technical conflict, it has the potential to be used in a way that resembles the predictions of rational models. Moreover, because it may also enter the dialogue in times of political or technical conflict (or both), it can also explain decisions that reflect the incremental and political models.

Chapter 3 shows that program and policy characteristics, such as the clarity of goals and the ability to measure activities and outcomes, can impact the resulting performance information, and that performance efforts that assume all decisions will be rational/technical result in obstacles to adoptions in programs where rational/technical decision making cannot occur. This chapter will further develop a framework that integrates the dialogic model and the four-Is of evidence to explore the factors that impact whether performance information will be utilized rationally, and whether it will be utilized at all. Within this framework, three researchable questions will be explored:

1. Which of the three decision making models introduced in chapter 2 (rational/technical, incremental/political, or interactive) most accurately explains governmental decision making?
2. Considering the four-I's introduced in chapter 2, what factors contribute to the utilization of information<sup>7</sup> - relative to ideology, interests, and institutional norms and processes, in decision making? (i.e. to what extent is information used to support or oppose a position in that dialogue?)
3. Building from the literature discussed in chapter 3, what is the role of performance information in decision making, relative to information from other sources?

This study will employ a mixed methods approach to explore these three questions, in an attempt to realize some of the benefits and avoid some of the shortcomings of each method. Specifically, because the process for making decisions is complex and context-specific, developing a quantitative model to analyze decisions broadly would be difficult, if not impossible. Instead, two in-depth case studies will allow the complexity and specific context of

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<sup>7</sup> Throughout this study, "utilization" will be limited to direct use of specific sources of information. Although information may be utilized in different ways, it is not generally possible to observe and measure other forms of utilization.

each program to be considered, enabling this study to develop a rich understanding of the decision making process. However, limiting the study to only two cases limits the information being considered to that produced only for these two programs. A quantitative model that considers a broader selection of programs is used to provide a higher level view of the market for information. Thus, this study will employ a qualitative exploratory comparative case study approach to develop an understanding of the complex interrelationships of different types of information in a political dialogue and factors that impact whether and how information is utilized. Although the cases are primarily exploratory in nature, insight from existing literature and theory will be used to develop hypotheses that will guide the research. Further, it will apply a quantitative multivariate approach to assess one type of relationship between performance information and other information: the impact of performance efforts on the production of other information.

#### A Framework for Assessing the Modern Era of Education

Chapters 5 and 6 will explore the modern eras of primary and postsecondary education, respectively. Chapter 7 will integrate lessons from each of those cases, comparing and contrasting the creation and use of performance information for student loans programs and NCLB Grants, the role of performance and other information in decision making for those programs, and the influence of political and technical conflict on the political dialogue that leads to those decisions. As shown in chapter 2, the interactive dialogue model and four-I's of ideology, interest, institutions, and information, will be used as a unifying framework for this exploration. Table 4-1 outlines this framework for conceptualizing this problem, and the important issues that it will help to highlight.

Table 4-1 Weiss' Four I Framework for Decision Making

<b>Decision-Making Factor</b>	<b>Description</b>
Ideology	Relationship of Federal, State, and Local Governments
	The view of what it is appropriate for government to do vis-à-vis the private sector
Interests	Costs and benefits are concentrated
	Costs are dispersed benefits are concentrated
	Costs are concentrated and benefits are dispersed
	Costs and benefits are dispersed
Institutions	Rules and standard operating procedures related to the process for setting goals
	Rules and standard operating procedures related to the program operations intended to achieve those goals
Information	Information about what the program is doing
	Information about the program's mission
	Information unrelated to the program, but germane to decision for other reasons, including information about the overall budget environment and about the need for the program

Ideology, as defined by Weiss (2001), means people's basic values. For example, she says, "no amount of valid data about the positive effects of abortion on the lives of women and children is likely to convince a principled upholder of the right to life to support abortion policy." Two ideological issues will underpin consideration of the student loan and NCLB grant case studies. The first ideological issue is federalism. Specifically, there is a tension between local, state, and federal involvement in education policy. As shown above, the early history of education was largely defined by a limited federal role, with education policy dictated locally and at the state level, which began to expand after the Truman Commission Report. Throughout each case, the tension between levels of government will continue to play a role in decision making. The second ideological issue is about the scope of government. The ideological schism here is a tension between the government and the private sector. Specifically, this tension revolves around whether government should be in place to support 'efficient markets' or whether the government should be an active participant in setting and achieving non-market goals. One of

these goals, which is considered repeatedly in the course of education policy, is equity. However, competing definitions of equity often dictate educational decision making, with a tension between those who believe in equity of opportunity and those who believe in equity of outcomes.

Interests represent the self-interest of individuals and organizations (Weiss, 2002). The cases will examine three broad types of interests:

1. Government interests, including state and local governments.
2. Policy interests, including affected groups, institutions, and workforces.
3. Private interests, including industry-specific interests and other groups that support the education function outside of direct provision, including students and their families.

The case studies will highlight individual interests within this milieu that impacted decisions about the two programs. To understand the behavior of these three types of interests, their actions will be considered in the context of another typology from James Q Wilson (1989), his typology of politics established in his book “Bureaucracy.” In this typology, the behavior of interests is dependent on the extent to which the costs and benefits of a government action are concentrated or dispersed. If both are concentrated, then it is easy to identify winners and losers, and as a result, groups organize so that they can attempt to receive the benefits and not have to pay the costs. This is called interest group politics because it is characterized by debate and lobbying among interest groups who are trying to be the ‘winners.’ When benefits are concentrated, but costs are dispersed, politics is often characterized by one interest (the client) who is receiving the benefits, because the dispersed costs aren’t sufficient to warrant organization. In contrast, entrepreneurial politics occurs when costs are concentrated and benefits are dispersed. These areas are usually characterized by a single interest as well, but in this case that interest fights against the intervention. Finally, when both costs and benefits are dispersed it

is called majoritarian politics and is usually characterized by lack of involvement from organized interests. Throughout the cases we will see that, depending on the decision, all three groups of interests can behave in every one of these ways.

Institutions represent the established ways of work and traditions of an organization. There are two types of institutional norms that impact education policy decisions: programmatic and operational. The first of these refers to institutional norms within the federal government, including separation of powers, congressional procedures, and partisan politics, which impact decisions about goal specification. Operational institutional norms, on the other hand, refer to the design of the federal program, including its procedures and traditions for providing services, the delivery method of services, and program goals. Within institutions, an important consideration is the separation of powers and the ascendancy of the various branches of government for specific policies and programs. Historically, this has been treated as aligned with the stage of the policy process, with the Congress being viewed as ascendant during the policy adoption phase, the President having ascendancy during implementation, and the Supreme Court having ascendancy in ensuring that implementation is within the bounds of the Constitution. As we saw in chapter 3 (and has been shown in an extant unrelated literature), these simplified views of the branches are often inconsistent with reality. Specifically, the Congress' control of the budget, along with their delegation of authority to the administrative branch, provides them a lever for influence of implementation, the President's ability to use the bully pulpit and veto provides a lever to influence policy adoption and program creation, and the interpretation of the Constitution by the Supreme Court can have implications for policy creation and implementation. The case studies will show how these and other institutional norms limit or impact the set of options considered when decisions are made.

Information is the fourth I. Information represents the existing general understanding that decision makers have about a program, as well as new information that either comports or conflicts with that general understanding. The case studies will consider three types of information. First, it will consider information whose focus is on the program itself. This information might include performance information and public opinion about the program. Second, it will consider information that is not about the program, but which relates to program goals. For example, a study that examines determinants of college access may find that cost is one obstacle to access, even if the study doesn't evaluate financial aid programs. In some cases, a third type of information, which is referred to in this study as contextual, may also impact decisions about the program. For example, in troubling economic times, information about expected decreases in tax revenues may impact a decision about a program, even if that information is not substantively related to program processes or goals.

### Development of Hypotheses

The review of the performance literature in chapter 3 revealed that bureaucratic type may be able to explain some of the limitations in the eventual utilization of performance information, including limited use and use that doesn't comport with the expectations of the rational/technical models on which performance efforts have been designed. One of the issues that repeated through each of the performance efforts discussed in chapter 3 was the clarity of goals. The traditional approach to public administration assumes that Congress passes legislation with clear goals, which can be technically implemented by the bureaucracy. Related to this, there has been an implicit assumption in the performance movement that the President is the ascendant branch for performance management, because it is supposed to deal with implementation, which is separate from legislative goal setting. However, there is a considerable literature refuting the

existence of any such politics-administration dichotomy. Among the reasons that programs end up with unclear or ill-defined goals are two of particular importance to this research. First, Congress is a political organization. As shown in chapter 2, decision making is characterized by ideological and interest-based conflicts which are resolved in the context of institutional norms and processes. The series of compromises, temporary victories, and logrolling that result from this political conflict translate into legislative language that must be interpreted by the implementing programs, removing their ability to focus on purely technical implementation. Second, as the government focuses on more and more complex issues, general theories of planning begin to press up against the impossibility of defining terms and optimal solutions. In these “wicked policy problems,” it is impossible to objectively and clearly define a goal (Rittel and Webber, 1973). Finally, the performance efforts are designed to impact budget decisions, which are made by Congress and not by the president.

Two of Lowi’s distributive and redistributive program types can be examined to illustrate these limitations. In a distributive policy, the goal of dispensing benefits is easily defined. However, in a redistributive policy, the ‘winners’ and ‘losers’ must be defined, usually with an overarching goal of ‘equity.’ However, equity does not have an objective definition. In some cases, equity might refer to equal opportunity (everyone can compete to get a slice of cake), in others it may mean equal distribution (everyone gets an equally sized slice of cake), in others it might mean equal net benefits (everyone gets a slice of cake of the size of their choosing), and in still others it might mean equal outcomes (everyone eats cake until they feel full). In many cases, wicked problems are based on an inability to define the problem or goal in exact technical terms. Wherein political conflict creates goals that are unclear because of competing values and beliefs,



technical conflict creates goals that are unclear because of competing (or lack of) knowledge and shared understanding.

When decision making occurs, as shown in chapter 2, the outcome can be understood through the four-I framework, in which ideology, interests, institutions, and information all impact the decision making process and outcome. Applying this understanding of the impact of political and technical consensus and conflict on goal specification in the decision making process to the first researchable question leads to the first hypothesis that will be explored in the case studies: The amount of political and technical conflict present at the time of a decision will impact the degree to which that decision conforms to specific models of decision making.

Specifically, political and technical consensus at the time of a decision will be associated with rational and direct use of information to reach decisions. In contrast, political and technical conflict will be associated with political and incremental utilization of information, with information cited but not deterministic in decisions, with symbolic use of information, or with information not used at all. This hypothesis will be explored in the case studies. In order to do so, each of the two selected cases will include examination of multiple decisions over their histories, which exhibit both the political and technical consensus and conflict. It will demonstrate the use, non-use, and competition of information that results from those conflicts.

Another of the program characteristics that impacted the success of performance efforts discussed in chapter 3 was the ability to measure activities and outcomes related to specified goals. Although it has not been studied in depth in the context of performance management, the work of James Q. Wilson, which was introduced in chapter 3, provides a framework of analysis that is directly based on a programs ability to measure each of these, which, in a classification of four bureaucratic types: Production, Procedural, Craft, and Coping (1989). This typology is

based on variation in two dimensions: The ability to observe and measure process (activities) and the ability to observe and measure outcomes.

Applying Wilson's typology of bureaucratic organizations to the second research question results in the second hypothesis: Bureaucratic type will be associated with the accuracy of the decision models, with production organizations tending toward the rational/technical model and coping organizations tending toward the incremental/political approach. This hypothesis will also only be explored through the qualitative approach. The case studies were chosen as cases representing the opposite ends of Wilson's typology, a production program and a coping program. This hypothesis suggests that a production type, where activities and outcomes can be measured, will result in utilization of information that impacts the outcome of a decision more often than in a coping organization, where neither activities nor outcomes can be measured.

The first two hypotheses discuss information broadly, without a focus specifically on information produced by performance efforts. Exploration of these hypotheses through the qualitative approach will reinforce the discussion of conflict above, showing whether there is higher competition between sources of information when there is political or technical conflict. Additionally, the inherent limitations of performance information, described in chapter 3, highlight the importance of understanding the larger market for information about programs. Economic theories of public provision suggest that government provision of information through performance management would have a net complementary effect on other types of information. If this theory is integrated with the two hypotheses above, it results in the third, and final, hypothesis of this research: Public provision of performance information will be associated with an increased production of and search for other types of information, and this association will be stronger for programs where there are higher levels of political or technical conflict. This

hypothesis will be tested using the quantitative approach in chapter 8, which will rely on multivariate quantitative methods. These models will estimate the impact of public provision on the production of other information about programs, with a focus on information produced in academic journals, examining 56 programs over a ten year period in a pre-test post-test quasi-experimental design.

### Case Study Approach

#### Case Selection

The federal government has over 1,000 programs, of various types, with various missions and goals, nearly all of which have been subject, directly or indirectly, to federally mandated performance initiatives, such as the Government Performance and Results Act (GPRA) and the Performance Assessment Rating Tool (PART). From these, two were chosen for exploratory case research. Because the case studies are intended for theory development and exploration of hypotheses, it was of primary importance to select cases that represented the production and coping types of organizations. There are several reasons that the two cases would be selected from the Department of Education (ED). Primarily, education is an area of critical importance in the United States because it ultimately impacts the ability of voters to effectively understand voting decisions and make democracy work, it prepares citizens for eventual employment, impacting the growth and stability of the US economy, and it teaches basic health and life skills that are critical to the general well-being of our society. Secondly, ED was chosen because of a personal interest in the area of education policy that provided a solid base of understanding on which to examine the cases. Ultimately, one case from each of the key federal laws on primary education was chosen, the Elementary and Secondary Education Act (ESEA), and post-secondary education, the Higher Education Act (HEA). Within these two areas, programs were

chosen based on bureaucratic type. Under HEA, student loan programs within the office of Federal Student Aid (FSA) were chosen to represent a production type program. Under ESEA, Title I grants to states and local education agencies (LEAs), now incorporated into No Child Left Behind (NCLB), was chosen to represent a coping program (for a comparison of some program characteristics, see table 4-2). By examining the histories and current status of these programs, I will be able to compare the production of performance information in the two bureaucratic types, explore issues of political and technical consensus, and develop an understanding of the use of differing types of information in an interactive dialogue.

### Why Student Loans and No Child Left Behind?

Although ED has a range of programs which represent all four bureaucratic types, this research will focus on the two extremes – production and coping organizations. Higher education is not compulsory, and one of the major goals, in fact the primary goal of student loan programs, is to increase access to higher education. Especially as this primary goal is concerned, student loan programs represent the production type of organization, because the process of awarding and distributing funds is relatively easily tracked, as is the resulting outcome of access to higher education, measured by actual enrollment levels. NCLB Grants, by contrast, are focused on elementary and secondary education, which is compulsory and where policy generally goes beyond access to issues of educational outcomes. NCLB Grants, as a result, have numerous, often conflicting, goals related to educational attainment. As one interview study respondent noted “With Title I, the problem is that we know neither the qualities that make for a good teacher, nor the measures that ensure a good education.” Without the ability to define or measure processes or outcomes, NCLB Grants can be characterized under the coping type. By

choosing a case on each end of the spectrum, this research will be able to explore whether program type has an impact on the production and utilization of information.

Table 4-2 Comparison of Selected Program Characteristics

	<b>FSA</b>	<b>Title I</b>
Level of Education	Post-Secondary	Elementary and Secondary
Primary goal	Access to College	Academic Performance
Ability to measure process	Easy	Difficult
Ability to measure outcome	Easy	Difficult
Type of program	Credit	Formula Grant
Level of Coercion	Low to Moderate	Low early on, now High
Level of Directness	High	Low
Level of Automaticity	Moderate	Moderate to High
Level of Visibility	Low early on, now high	High
Bureaucratic Type	Production	Coping
Targeting	Broad (Distributive)	Narrow (Redistributive)
Distribution of Funds	To students through institutions	To schools through districts
Cost of Program in 2011	\$108.5 Billion	\$14.5 Billion

Another reason why these two programs were chosen is because they provide contrasting examples of Lowi's (1972) policy types, which were described in chapter 3. Specifically the student loan programs are primarily a distributive policy, whereas NCLB Grants are primarily meant to be redistributive. As seen above, redistributive programs face the challenge of defining the groups that achieve a net cost and those that get a net benefit, and the difficulty in doing so often leads to unclear and poorly defined goals. Because of this, redistributive programs are likely to exhibit levels of political and technical conflict that are higher than distributive programs. Again, each case represents an opposing end of the spectrum, and comparing them will enable this research to explore issues of political and technical consensus, and the impact of conflict on the utilization of performance and other information.

## Case Study Hypotheses, Design, and Methodology

The cases will be examined individually in the chapters 5 and 6, and examined in comparison to each other chapter 7. The individual cases will provide histories of the origins of the programs, as well as describing their current operations. Each of these cases will examine five questions relevant to program design;

- 1) To what extent should the government provide funds?
- 2) For what should these funds be provided?
- 3) Who should the funds go to?
- 4) What must recipients do to receive funds?
- 5) How will the federal involvement be implemented?

Examining attempts by government decision makers to answer these questions will provide a rich contextual picture of each program. This examination will outline the political and technical issues in each program, and details about budget, operations, and strategic decisions. Following the histories, the cases will examine the creation and utilization of information in each program for each of those types of decisions. This examination will compare the use of performance information to other available information for various program decisions. Finally, each case will examine, in detail, specific budget, operational, and strategic decisions with an eye toward the role of interest, ideology, institutions, and information on the outcome.

The case comparison chapter will explore the first two hypotheses listed above by comparing the student loan and NCLB Grant programs. The first of these concerns the impact of bureaucratic type on the use of performance information. Specifically, this research proposes that the ability to measure process and outcomes will be associated with an easier adoption of

performance effort requirements and a greater reliance on information of any type in decision making, relative to interests, ideologies, and institutions. The expected result, then, is that the production program (Student Loans) will more effectively produce and rely more heavily on performance information in its decision making processes than the coping program (NCLB Grants). The second hypothesis is about the impact of conflict on the use of information in decision making. Specifically, this research posits that rational, deterministic use of information will be more likely when there is political and technical consensus. In contrast, when political or technical conflict exist, information might not be used at all, it might be used competitively, or it might be used symbolically.

The case studies will follow the comparative case study approach, as described by Agranoff and Radin (2001). This approach is defined by ten steps. First, major concepts and research questions are developed. The preceding chapters have detailed this development for this research project. Specifically, this research project seeks to explore the nexus of decision making and performance measurement, and seeks to explore two questions. First, what factors can explain the varying effectiveness and use of performance information in federal government programs? Second, how can the use of performance information be integrated with the use of information in the broader context of decision making? The second step is case site selection, which was detailed earlier in this chapter. The third step in the comparative case study approach is formatting information sources. This step involves the creation of preliminary outlines for the case studies and the cross-case analysis. For this dissertation, individual case outlines were developed iteratively. Through this step, the scope of the project began to take shape to include the historical backgrounds of the program; budget, operations, and strategic decisions; and the creation and use of performance information through GPRA, PART, and the GPRA

Modernization Act (GPRAMA). This definition of scope dictates particular methodologies for the cases. This research includes examination of detailed histories of the two programs, analysis of budget, operational, and strategic decisions, and performance information resulting from GPRA, PART, and GPRA modernization (GPRMA). To fully explore all of these issues, the methodologies used include reviews of congressional records, public speeches, and news articles; exploration of both the administrative and legislative contexts through interviews with relevant officials and legislative staff, in addition to interest group representatives; as well as reviews of department strategic plans, annual performance reports, and PART evaluations.

Step four of the comparative approach is the creation of a discussion guide. This guide was pretested with individuals familiar with these programs, but who are not directly involved in the programs. The fifth step is preliminary field orientation. This step includes preliminary document review as well as initial contact with potential interviewees. This step provides information that is helpful in revising the discussion guide, and leads to the sixth step, finalizing the guide. Once these six steps are completed, the seventh step (site visits) begins. For this project, interviews were conducted with program officials, appropriations staff, external program auditors, and interest group representatives. Following each visit and interview, post-site visit impressions are recorded, which includes answers to questions in the discussion guide as well as any initial insights and interpretations. Step nine is case development, wherein the information gathered in the previous steps are compiled, formatted, analyzed, and integrated into comprehensive case studies. The results of this step were shared with selected respondents and subject matter experts to check the accuracy of factual information and reasonableness of conclusions. The result of this step is the next two chapters. Finally, step ten is the cross-case analysis. In this step the two cases are compared to analyze the research questions and develop a



chain of evidence to support any conclusions. It is important to note that, while this research does begin with hypotheses derived from literature, its main purpose is to develop these hypotheses into testable theory which can be further examined in future research, rather than to attempt to prove or disprove them.

Documentary evidence for these case studies comes from a mix of legislative histories, committee reports, transcripts of public speeches, news reports, OMB, CBO, and GAO reports on the programs, and Strategic plans and other documents from ED and the individual program offices (a comprehensive list of these sources is presented in the appendix). Site visits for these cases included 12 interviews, including program officials in ED, GAO officials with experience auditing ESEA and HEA programs, and interest group representatives. Interviews in ED included officials in various offices, including the Office of Planning, Evaluation, and Policy Development; Office of Federal Student Aid, Office of Customer Experience, Office of Finance, Office of Performance Management, Office of Elementary and Secondary Education, and the Office of Student Achievement and School Accountability. Interest Group representatives include officials from the American Association of State Colleges and Universities, the National Education Association, and The American Bankers Association, and the American Civil Liberties Union.

### Quantitative Approach

#### Sample Selection

In chapter 8, in order to examine the impact of public provision of performance information on the production of information from non-government sources, a quantitative method will be presented, which was used to conduct a quasi-experiment before and after the release of performance information by a recent performance effort. In this case, PART is used as

the treatment variable, and the sample remains limited to ED. The models will analyze data from ten fiscal years. In order to ensure that sufficient baseline data were available, and that sufficient time was available to detect the impact of the treatment variables, the time period includes multiple years before and after PART evaluations. Especially to allow for testing of lasting effects, the sample was limited to ED programs that were evaluated in the first few years of PART's implementation. Ultimately, this results in a sample of 56 programs evaluated between fiscal years 2004 and 2007, with data covering fiscal years 1998 through 2008.

This sample has several limitations. The sample is a census of ED programs evaluated between 2004 and 2007; it is not a random sample of programs and results from these models are not generalizable to all government programs, or to all programs in ED. Further, PART was selected as the treatment variable to reflect a recent performance effort. However, as shown in chapter 3, each performance effort has unique characteristics, and findings from these models will not necessarily be applicable to other types of performance management reforms. Specifically, PART was a presidentially-driven performance effort which failed to recognize the Congressional role in implementation and budget decisions, and which attempted to apply a one-size fits all approach to performance across all government programs. Furthermore, there was not a clear or definitive definition of what even constituted a 'program,' further complicating the ability to compare across the evaluated entities.

The quantitative methods, including data sources and collection and specification of models, will be described in more detail in chapter 8, but their basic specification follows. As a dependent variable, two specifications are used to represent research produced outside the government. One version is a count of academic publications about a program in a given fiscal year, and another is a binary variable that more simply indicated whether any academic research

was published about a program in a given fiscal year. The independent variables include treatment variables representing public provision of performance information through part, variables indicating bureaucratic type, and other variables representing the four I's of ideology, interests, institutions, and information.

### Presentation of the Analysis

This chapter has introduced three hypotheses that will be the focus of the following four chapters, the research methods that will be used to explore them, the contextual background of the cases, and the framework that will guide the analysis. Next, the research will focus on student loan programs in chapter 5 and NCLB Grants in chapter 6. These cases will be separated into five parts. First, details surrounding the history and passage of HEA and ESEA (from 1947-1965), respectively, will be presented, as will a brief explanation of all the Titles in the acts. This section will introduce the cast of characters and context of the programs, which will be examined throughout the rest of the cases.

Second, major legislative program changes will be examined to see what role, if any, information has played in various program decisions. This section will show, at various decisions points, which types of information were available, and what their intended purposes and functions were. Then it will discuss the limitations of this information within the frameworks developed in chapter two. Finally, it will examine the information in the context of the four Is, paying attention to sources of political and technical conflict related to the program.

The third section will take a step back from individual changes to the programs to examine several eras of HEA and ESEA. Within each era, the four I framework will be applied to analyze decisions and examine which of the three decision making approaches is most explanatory. Within this section, attention will be given to the ascendant branch in decision

making, whether the decision is related to policy adoption or implementation, and the relationship between conflict and the resulting decision making process.

Fourth, these chapters will turn to an examination of specific performance efforts, their impact on the program, and the factors associated with their success, defined as utilization of performance information to make decisions. This section will examine the four activities of performance measurement, the six assumptions that lead to failures of performance efforts, and the impact of conflict on the ultimate utilization of performance information. This section will also highlight any cases in which other sources of information are used to support or oppose the findings of performance efforts.

Finally, each chapter will conclude by summarizing the case. This summary will restate evidence from the major program changes, to determine if the evidence from the case supports the first hypothesis of this research - that increased conflict is associated with decreased utilization of information. Similarly, it will examine whether evidence from the respective eras supports the second hypothesis - that interactive models of decision making have a greater ability to explain decision making as a result of their ability to more thoroughly analyze the existence of conflict. Finally, it examine whether the evidence from relevant performance efforts supports the hypothesis that such efforts will be most successful in areas with low technical conflict, as represented by the ability to measure activities and outcomes.

The two cases will be compared chapter 7. That chapter will holistically examine the different types of decisions that occurred throughout the two cases, examine the expectations of the three approaches to decision making, and attempt to determine if one of those approaches is consistently able to explain the outcomes of the decision making processes. Then, it will

specifically examine the role of information, including performance information, in the various decision making contexts.

Chapter 8 will present the results of the quantitative analysis, which will provide some insight into the relationship between performance information and information produced in academic journals. While the cases presented in chapters 5 through 7 will examine the impact of specific pieces of information, including performance information, on decisions, the quantitative analysis will attempt to reveal one aspect of the relationship between these alternate sources of information.

## CHAPTER 5

### STUDENT LOANS THROUGH FEDERAL STUDENT AID: MAJOR DECISIONS AND PERFORMANCE EFFORTS IN A PRODUCTION ORGANIZATION

This case study will present the Higher Education Act (HEA), with a focus on student loan programs established under Title IV of the act. As described in chapter 4, this case study will be split into five parts: (1) the history and passage of HEA and an explanation of its Titles, (2) a description of major legislative program changes, (3) an examination of those changes, divided into major eras of the program, (4) an exploration of the impact of performance efforts on the program, and (5) a summary of the case and comparison to the hypotheses presented in Chapter 4.

The primary goal of student loans is to improve access to higher education. Both the process of issuing loans and the output of college enrollment are relatively easily measured, so the student loan programs can be considered a production type under Wilson's typology of bureaucratic organizations (1989). Evidence to support the three hypotheses in the previous chapter would include evidence of low levels of political and technical conflict, utilization of information in a way that impacts the outcomes of decisions<sup>8</sup>, and a lack of competition between sources of information that occur in political decision making. These forms of supporting evidence, along with any contradictory evidence, will be highlighted throughout the chapter.

#### The Road to and passage of HEA: 1947-1965

The federal relationship with higher education can be traced all the way back to the Constitutional Convention of 1787, when James Madison and Charles Pickney attempted to give Congress the power to establish a national university (Farrand, 1911). This motion failed, and the Founding Fathers ultimately gave the federal government no explicit powers over education in

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<sup>8</sup> Utilization, for this study, refers to situations in which information was cited in the decision making process.

the United States. In fact, the U.S. constitution contains no mention of education, with authority vested in the states through the 10<sup>th</sup> amendment. Even when President George Washington recommended the establishment of a national university in his first presidential address in 1790, and set his own money aside to fund such a university, Congress resisted and maintained the states' power over education (Rainford, 1972). This is an example of ideology in favor of limited federal powers dictating policy. Although the national government has not been completely silent on the issue of higher education policy, the federal role in higher education has been limited from the earliest days of the republic.

This limited role persisted through the early 20<sup>th</sup> century, largely defined by federal land grants for colleges teaching agriculture, military science, and engineering. The Morrill Land Grant Act of 1862 authorized the federal government to distribute lands to the states, which they could then sell to educational institutions. Under this program, each state was given 30,000 acres of land per member of Congress from their state delegation (Nevins, 1962). Interests and ideologies were the most influential factors in the decision to begin the land grant program. In particular, federalist tensions resulted in a policy structured so that the national government provided a benefit to the states, which would maintain direct control over education issues. Similarly, because the costs of the policies were dispersed across all citizens and the benefits were dispersed to all states, majoritarian politics, which is characterized by low levels of conflict, supported the passage of the law. The land grant program was expanded in 1890, when the second land grant act added an annual federal appropriation to the land grant schools (NASULGC, 2008). Overall, the land grant programs resulted in the allocation of 17.4 million acres of land, sold for just over \$7.5 million. The goal of these programs was primarily to support the expansion of the territories and increase the production of food to meet the needs of a

growing population. By 1964, the year before HEA adoption, the total annual cost of federal loans and grants, including the expanded grants of 1890, was \$31.8 million.

Two new goals drove the initial expansion of the federal role in the period between 1940 and 1965. First, the desire to compete with the Soviet Union in science and mathematics, and second, the civil rights movement. Whereas the Morrill Land grants had been driven by demographic changes, including population growth, expansion into the western territories, need for expanded food production, and political opportunity realized after the south seceded from the union, the 1940s saw a shift caused by military need, which shifted to general education aid in the 1960s. Congressional and presidential actions following World War II, including the Servicemen's Readjustment Act of 1945 (GI Bill) and the Truman Commission's report of 1947 (Truman Report), were early signs of the increasing federal involvement in education policy. While the GI Bill was limited in scope, it did set a precedent for the federal government to promote higher education through spending and incentives to potential students.

The Truman Report symbolized a larger shift toward the expansion of the federal role in higher education. This report calls for several changes to the system of higher education, including the establishment of community colleges and increased federal spending for scholarships, fellowships, and general aid. The Truman Report stated, as a goal, that there should be equal educational opportunity without regard to "economic status, race, creed, color, sex, national origin, or ancestry (Truman Report, 1947)." The Report found that economic status was one of the most significant barriers to higher education, and suggested using financial need as a basis for federal education support. Eleven years later, the United States government, for the first time, created a student aid program that would improve educational opportunity, by creating the National Defense Student Loan Program (NDSLPP) as part of the National Defense Education



Act (NDEA) of 1958. This program presented benefits that were concentrated to veterans and higher education institutions, and costs were dispersed, resulting in client politics and low levels of political conflict. Although this program was small in size, it would serve to establish a programmatic framework for expansion of federal student aid in the following decade.

Other federal involvement occurred through court cases, one of the earliest and most notable being the 1896 ruling in *Plessy v. Ferguson* that states had the right to decide to segregate students by race, as long as they provided separate but equal facilities. In higher education, this ruling became the basis for some of the earliest federal interventions in higher education, including *Sweatt V. Painter* (1950), in which the Supreme Court unanimously ruled that the University of Texas Law School admit a black student because the separate law school was decidedly not equal. This would set one of the precedents for the federal ruling to end segregation in *Brown v. Board of Education* (1954). This ruling was part of the greater movement toward expansion of civil rights, which led to the Civil Rights Act (CRA) of 1964.<sup>9</sup>

The Supreme Court's actions were supported by actions in Congress, and by President Truman's expansion of the federal role in higher education, which partially resulted from a demographic shift that made higher education a more important topic to the American public. Specifically, the percentage of Americans pursuing and receiving college degrees was growing exponentially. According to analysis of census documents by Archibald (2002), the number of 18-24 year olds in college nearly doubled, likely due to the impact of the GI Bill, between 1946 and 1960, increasing from 12.5% to 22.2%. Similarly, the percentage of Americans with a bachelor's degree rose from less than 1% in 1925 to 4% in 1950 to nearly 16% in 1998. By 2010, this number had increased to 27.3%. This signals a growing importance of higher education in the American economy, and an important interest to be addressed by Congress.

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<sup>9</sup> The CRA will be discussed in more detail in chapter 6.

Figure 5-1 Baccalaureate Degree Holders in the US, 1650-1998

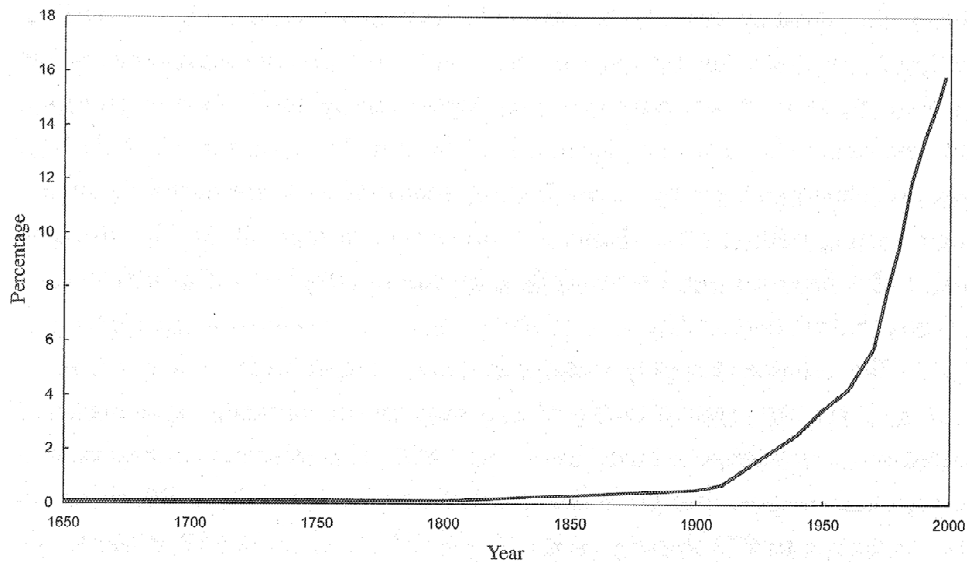


FIGURE 2.1. Baccalaureate Degree Holders in the United States, 1650–1998 (as percentage of population). *Source:* Data from Eells 1958 and Bureau of the Census 1960–98.

*Note:* Eells 1958 gives the percentage of the population with a baccalaureate degree through 1950, making every effort to adjust the earlier data so that the degrees are the equivalent of a modern bachelor's degree. Bureau of the Census 1960–98 give the percentage of the population over the age of twenty-five who had completed four or more years of college in 1960 and later years. The later data are adjusted to be comparable to the earlier data.

\* Source: Archibald, 2002

Growing interest in higher education would be addressed head on in 1965, with the passage of the Higher Education Act (HEA). The passage of HEA in 1965 represented the culmination of a shift from the early federal role in higher education, which was defined by institutional aid, to the current era of federal involvement, defined largely by student aid (Archibald, 2002). This represents a shift in the ideological balance toward increased national involvement, a change in the interest politics of education from client and majoritarian politics toward interest group politics, and a change in operational institutional norms. Title IV of HEA is the basic authorizing legislation for a variety of such student aid programs, including student loan programs. Student loans are the largest source of federal funds in higher education (Shohov,

2004). As of 2010, with the passage of the Student Aid and Fiscal Responsibility Act (SAFRA), all student loans are originated under the William D. Ford Direct Loan (DL) Program. This chapter will examine the original passage of HEA in 1965 and each of its reauthorizations, to the passage of SAFRA and the current state of the student loan programs.

### The Titles of HEA

HEA established the federal government's role in higher education policies by establishing a goal of the elimination of price barriers to access. This legislation was passed with minimal fanfare, greatly overshadowed by the Elementary and Secondary Education Act (ESEA), which passed the same year. These two acts marked the beginning of an expansion of the role of the national government, relative to state and local governments, which has continued for nearly 50 years. Although this chapter will focus primarily on Title IV (Student Aid) of HEA, the following section will provide some information on the major aspects of each of the HEA titles,<sup>10</sup> which provides the context needed to understand the trade-offs that occurred when the act was originally passed, and as it was revised over the years.

Title I of HEA provides for grants to states for 'community service programs of colleges and universities.' This provision reflects continued federalist tensions, and adoption of the operational institutional norms of the Morrill Land Grants, but granting discretion to the states for ultimate implementation. This title also created the National Advisory Council on Extension and Continuing Education (NACECE) for oversight of these community service programs. Title I was considered to be an extension of general aid as offered previously in the Morrill Land Grants, but some lawmakers expressed concern that it would be effective in rural areas, but may suffer in urban ones. This concern was based in knowledge of the existing institutional practices

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<sup>10</sup> This section draws heavily from Cervantes, et al. 2005, who have provided a thorough examination of the early history of HEA.

of Morrill Land Grants, which were most effective in areas where there was sufficient land to provide for the construction of educational institutions, whereas providing land in concentrated urban areas might be more difficult (Graham, 1984). This concern was exacerbated by the fact that Congress was undergoing its own demographic shift as a result of the Supreme Court ruling in *Reynolds vs. Sims* which established the requirement of one man, one vote in 1964, which required seats in the House of Representatives to represent similar populations, and which reduced the power of rural areas in the states' politics. Specifically, this ruling signaled a shift from client politics benefiting rural areas to majoritarian and interest group politics (Wilson, 1989). Because representatives suspected a continuation of client politics, they were wary of continuing the existing land grant processes. However, the concern of urban representatives was not strong enough to change this provision in Title I.

Additional general aid was offered in Title II, which provided grants to institutions for libraries and library staff training. Again, Title II maintained state discretion in assigning funds, as to avoid ideological tensions of federalism. Title III provided aid to 'developing institutions,' which were primarily African-American institutions in the south. Passage of Title III demonstrates the shift in the politics of race that occurred between 1958 and 1964, as the program had originally been offered as a part of NDEA, but did not have sufficient support to pass because of the fear that it could promote integration, characterized by client politics where current policy 'winners' were fighting to protect their interests. Specifically, a program that could make African-American institutions more 'equal' would have to start from the proposition that the schools were not equal, and admitting inequality might strengthen arguments to end segregation by race. In 1965, though the text of the title had not changed significantly, the opposition it faced was that it might prevent integration by assisting African-American

institutions, potentially improving them to a point where integration would be avoided. Whereas client politics had prevented this provision in 1958, they would ultimately cause its adoption in 1965.

Title IV, the main focus of this case, represents the first generally available aid program for postsecondary students, made up of grants/scholarships on the one hand and loans on the other. Grants were geared toward the neediest students, while loans were targeted toward the middle class. Initially, Republicans opposed the use of grants in favor of tax credits. These credits were opposed by Democrats because they were regressive in nature and because the Treasury Department said their costs would be too high. The tax credits were considered regressive because they would primarily benefit individuals who had sufficient tax obligations to benefit from the credit, which is not true for the neediest families, who pay low or no tax due to their low income. Title IV was also opposed initially by United Student Aid Fund (USAF) and American Bankers Association (ABA), both of which challenged the guarantee provision on the basis that existing guarantees from private companies were sufficient and the ideological position that government intervention was inappropriate.

Guaranteed Student Loans (GSL) were proposed by President Johnson and targeted toward the middle class as a way to justify Educational Opportunity Grants (EOG) for needy students. This quid-pro-quo represents a strategic move in an interest group politics environment to provide a benefit to both interests. Because students generally don't have significant incomes or credit histories, banks would not give loans without some protection from default, even if they were not from the neediest families. President Johnson offered this benefit for middle income families so that he could build additional support for his grant programs. The ABA argued that GSL were not needed, that existing guarantees were sufficient, and that the government could

not improve other shortcomings. These arguments were in favor of existing institutional norms for student loans. They also warned of the possibility of government takeover and said that the interest rate was too low for the program to be profitable. Similarly, USAF argued that people would stop using their guarantees and move to the federal program. This fear was mitigated by an agreement from Johnson that the federal government would only guarantee loans if no other guarantor was available. Further, some members of Congress argued that the operational institutional norm of direct loans, established in NDEA, could be more appropriate than guaranteed loans, but this was overcome once Johnson convinced banking and guarantee interests to support the GSL approach.

Johnson also succeeded in getting a parental income limit for interest subsidies (but no formula for need until later). Families over this limit would have to prove need in order to receive interest subsidize loans. Two other important programs under Title IV were the federal work study program, which was moved from the Office of Economic Opportunity (OEO), and the NDSL program, which was brought in from NDEA. From 1965 until today, federal student aid has continued to utilize both grants and loans. It is useful to understand some of the program design features that impact the decision to use one or the other of these approaches. Salamon's (2002) "Tools of Government" provides a good framework for analyzing these features, and to compare grants and loans on the four dimensions identified: coercion, directness, automaticity, and visibility.

The first is the level of coercion, which "measures the extent to which a tool restricts individual or group behavior as opposed to merely encouraging or discouraging it (p.25)." In this sense, coercion is related to ideology, as it relates to the scope of the federal government, and to institutions, as it relates to the structures that need to be in place in order for coercion to be

carried out. Grants, in their pure form, carry a low level of coercion, though they may be tied to rules and requirements, because grants are accepted on a voluntary basis. Grants in the federal aid environment have a limited number of such requirements. Loans are more coercive than grants. While they require a similarly low amount of coercion to issue, they require more to ensure that repayment is made and default is avoided. Ultimately, these loans can be highly coercive, as they cannot be discharged in bankruptcy and nonpayment can result in fines, penalties, and incarceration.

The second dimension is directness, which ‘measures the extent to which the entity authorizing, financing, or inaugurating a public activity is involved in carrying it out (p.29).’ This dimension is related to ideology and competing beliefs about the role of government. Grants are an indirect tool of government, usually distributed to states for the actual carrying out of processes to achieve goals. Loans are more direct than grants. In the case of guaranteed loans, directness is limited to the same areas as coercion, since those are the times where government must become directly involved. With Direct loans, of course, there is a high level of direct involvement.

The third dimension is called automaticity, which “measures the extent to which a tool utilizes an existing administrative structure to produce its effect rather than having to create its own special administrative apparatus (p.32).” Automaticity is primarily an issue of institutions, related to the organizational capacity in place to implement a program, but it also reflects interests to the extent that there is value in serving as the administrative structure for implementation. Grants have very high automaticity, as they require the federal government only to provide funds, and allow the administrative apparatus of the states to control implementation. This is similar for guaranteed loans, since non-payment and default are low-probability events

and are the only times that government would need an apparatus to enforce the related coercion. However, direct loans have lower levels of automaticity, as they require development of an apparatus for originating loans, servicing them, and dealing with nonpayment or default. In some instances, direct loans may pursue contracts with other entities to manage some of these responsibilities, increasing the automaticity for these loans.

The last dimension is visibility, which “measures the extent to which the resources devoted to a tool show up in normal government budgeting and policy review processes (p.35).” This is related to interests, as increased visibility is associated with a greater likelihood of organized interests. Grants have a medium level of visibility. They are visible because they show up in federal budgets, and because they are often credited or publicized when outcomes are achieved. However, their visibility is somewhat limited in the case of higher education grants, because the benefits are dispersed in small amounts to beneficiaries. Both guaranteed and direct loans are highly visible in today’s terms. However, before 1990, Congressional budget rules were written in a way that reduced the visibility of the guaranteed loans.

Title V supported the teacher corps and teacher education. Senators Ted Kennedy (D-MA) and Gaylord Nelson (D-WI) sponsored these programs after they had failed to get them into the Elementary and Secondary Education Act (ESEA). This is because teacher unions were a major player in the interest group politics of ESEA, while they were relatively uninvolved in the passage of HEA. Title VI provided funds for technical equipment and faculty development for undergraduate instruction, and Title VII contained graduate and postsecondary improvement programs, including grants for graduate and legal students, as well as grants to institutions to provide financial assistance to graduate students.



## Title IV Cast of Characters

The cast of characters involved in the Title IV debate has remained fairly consistent from the lead up to the passage of HEA through the present day, with only a few key changes. As with all policy areas, legislators of both parties, the President, and the agency tasked with implementation were involved. Initially, interests from the higher education community, banks, and guarantee agencies were also involved.

Initially, student loans also impacted and were impacted by state officials, as some student aid funding was processed through the states. However, this was largely terminated after the 1968 reauthorization. 1972 saw another change in the cast of characters, when the Student Loan Marketing Association (Sallie Mae) was created. Further, the interested parties of the education community expanded from an initial group of universities and state colleges to a broader group of community colleges and trade schools. The Office of Education (OE) within the Department of Health, Education, and Welfare (HEW) also was reorganized in 1979 into the Department of Education, strengthening the role of a federal agency in Title IV implementation.

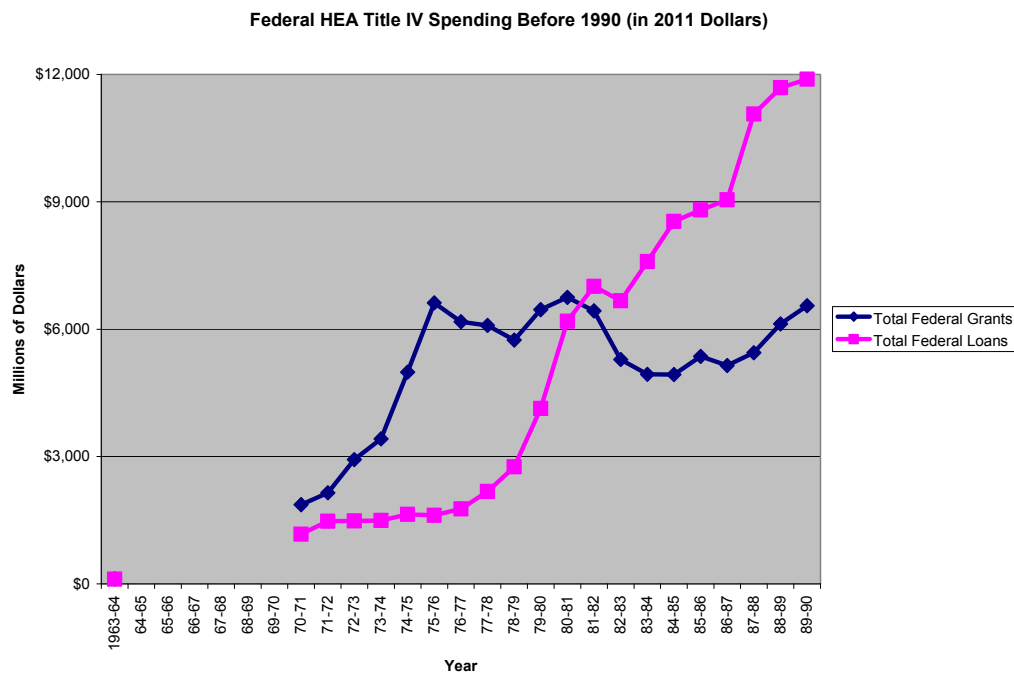
The passage of HEA was driven primarily by partisan institutional factors. Although ideological issues of federalism and the scope of government were a part of the political dialogue, and although interests, like ABA and USFA, were involved in the formulation and support for the programs, and although information, like the Truman and Gardner Reports (see table 5-1), were cited for support, it was ultimately the Democratic supermajorities that were elected in 1964 which drove the passage of the act.

Table 5-1 Information Relevant to HEA Passage, 1965

Issue	Message	Political Context	Technical Context	Source	Information Type	Information Function	Utilization	Explanation of Decision
Provide access to higher education	every citizen should have the opportunity for higher ed	low conflict	low conflict	Truman Report	Values Inquiry	Support for preexisting opinion from Democrats	Implicit Political	institutional (partisan) dominated
Remove Impediments to College	Cost is biggest barrier to attendance	low conflict	low conflict	Gardner Report	Output Assessment	Guidance to target costs with policy	Explicit Political	institutional (partisan) dominated
Expand Access for Poor	Use grants and guaranteed Loans, don't use Tax Credits	low conflict	some conflict	Gardner Report	Values Inquiry	Support for preexisting opinion from Democrats	Explicit Political	institutional (partisan) dominated

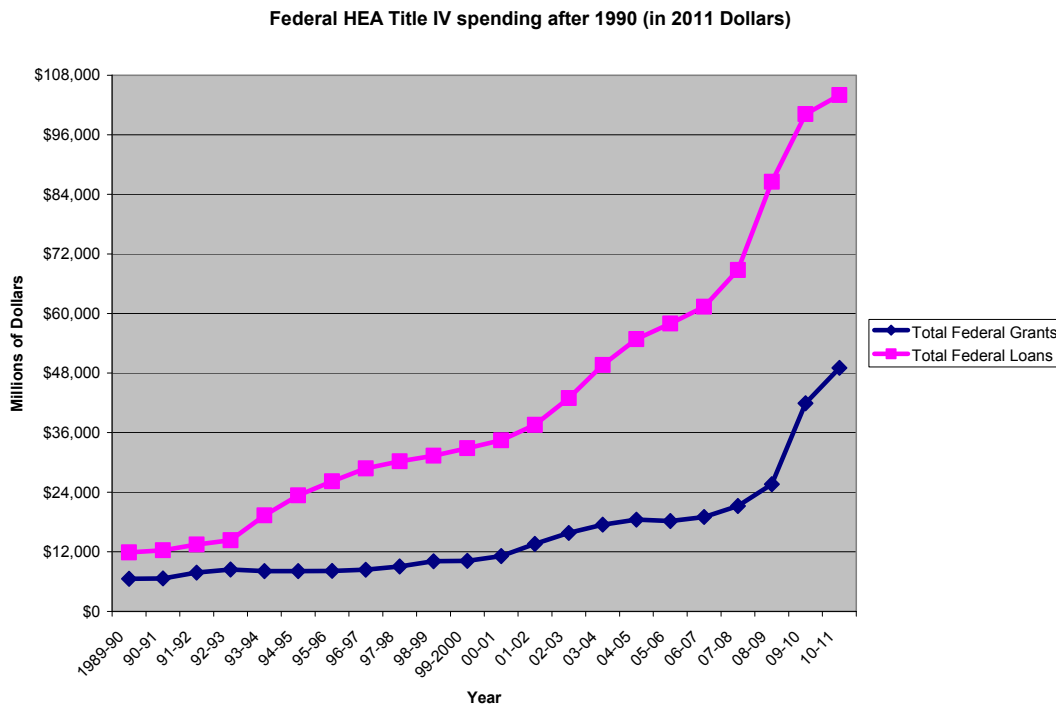
In 1964, the year prior to HEA, the federal government spent approximately \$31.8 million (\$231 Million in 2011 dollars) on grants and loans through the existing programs. This annual spending figure would multiply over 13 times in within five years, reaching \$517.5 million by 1970 (\$3 billion in 2011 dollars). By 1990, when congressional budget rules changed and the cost of loans began being recorded differently, spending on grants and loans had increased to \$10.5 billion (\$18 billion in 2011 dollars) (See figure 5-2). Further expansion, as well as the increased cost recorded under the new budget rules, increased this to \$148.3 billion by 2010 (\$153 billion in 2011 dollars) (See figure 5-3).

Figure 5-2 Title IV Spending before 1990



Source: The College Board

Figure 5-3 Title IV Spending after 1990



Source: The College Board<sup>11</sup>

### Major Legislative changes to HEA

While 1965 represents a dramatic shift in the federal role in all levels of education, it did not represent the ultimate solution to the nation's education needs. Like the Elementary and Secondary Education Act (ESEA), which passed the same year, HEA has been and continues to be challenged, updated, and revised. The following sections will descriptively present individual reauthorizations and other major legislative changes that have occurred since HEA's passage, including information created and utilized in each decision process. After that, the chapter will combine individual legislative changes into eras, which will be analyzed in the context of the Four-I framework. Following this, major performance efforts relating to the program will be examined.

<sup>11</sup> The scale on Figure 5-2 and 5-3 have different scales. The full scale of the Y-axis on the former is only the first line on the latter, because the expansion of costs in the latter was more dramatic.

## 1968 Reauthorization

The first reauthorization of HEA occurred before many of the programs were fully implemented. In addition, Democratic supermajorities in the Congress and unified government continued to dominate the decision making processes. As a result, the political dialogue was mostly silent on ideological issues and information (see table 5-2). The balance of the national role within the federalist context did not change and there were no major changes to the scope of government involvement. However, several interests were impacted by this reauthorization, and they were impacted through existing operational institutional arrangements, and benefitted the dominating interests of banks and guarantee agencies. For example, changes to Title IV increased GSL spending, raised interest rates and established minimum monthly repayment amounts for students, authorized advances for guarantee agencies, and gave guarantee agencies the authority to grant deferments.

President Johnson also attempted to set more stringent income limits for GSL, but was unsuccessful. Senator Morse (D-OR) raised opposition to the possibility that NDEA direct loans would be phased out in favor of the guaranteed loan approach, creating an institutional conflict between the Senate and the Johnson administration. Morse argued that direct loans, like those in NDEA, should not be phased out too quickly. The administration had to convince Morse to support the expansion of direct loans, since Congress ultimately appropriates the budget. To that end, the administration promised that the expansion would not eliminate federally available credit, which would still be available if private funds were not. This was sufficient to convince Morse, and he did not oppose the issue any further.

## 1972 Reauthorization

The 1972 reauthorization of HEA occurred under a Democratic Congress and Republican President Richard Nixon. The power of the Democratic Congress is evidenced by an expansion of benefits to poor students backed by an institutionally Democratic tendency toward redistribution, without increases of similar magnitudes for the middle class and distributive programs. This reauthorization created the Basic Educational Opportunity Grant (BEOG), and the State Student Incentive Grant (SSIG), which gave states grants to pay up to 50% of state-run programs of student grants. This represented a successful attempt to make grants the core of the federal effort, in order to reduce the need for the needy to use GSL. This represents a success of entrepreneurial politics, in which concentrated benefits were awarded, while costs were dispersed.

The original EOGs had distributed funds based on state enrollment figures and not on the financial need of students, as measured by their parents' income. This led to a pattern in which the amount of aid depended on which institution a student attended, rather than on their need. Program activity information revealed this inequity (see table 5-3), and BEOGs were structured to circumvent this issue. Alternately, BEOGs went directly to students and removed the institution as intermediaries. In order to avoid this institutional norm, a federal assessment of need was required, creating a new institutional process to complete such assessments. In 1969, decision makers cited a report from HEW's Assistant Secretary of Planning and Evaluation Alice Rivlin (1961), which had found that income was still the primary determinant of whether a student would enroll in college. This information supported the decisions not to replace EOGs, but to create BEOG as a new program that was operated as the primary grant program, and to rename EOG as the Supplemental EOG (SEOG).

Table 5-2 Information Relevant to HEA Reauthorization, 1968

Issue	Message	Political Context	Technical Context	Source	Information Type	Information Function	Utilization	Explanation of Decision
Remove Impediments to College	Cost is largest barrier to college attendance	Low Conflict	Low Conflict	Gardner Report	Output Assessment	Support for preexisting opinion of Democrats	Implicit political	institutional (partisan) dominated
Expand role of Banks	interest rates too low, students not paying enough	Low Conflict	Low Conflict	Banks	Output Monitoring	Support for preexisting opinion of Banks	explicit political	interests dominated
Provide Value to Guarantee Agencies	students need time to get jobs before they repay	Low Conflict	Low Conflict	Guarantee Agencies	Outcome Assessment	Support for preexisting opinion of Guarantee Agencies	explicit political	interests dominated

Table 5-3 Information relevant to HEA Reauthorization, 1972

Issue	Message	Political Context	Technical Context	Source	Information Type	Information Function	Utilization	Explanation of Decision
Equalize payments to recipients of equal incomes	State Allocation formula leads to inequality of benefits for people with the same income	Some Conflict	Low Conflict	Higher Ed Report	Outcome Assessment	Warning of unequal outcomes	Explicit Rational	formula changed as result of information
Remove Impediments to College	Cost is still largest barrier to access	Low Conflict	Low Conflict	Rivlin Report	Output Monitoring	Support for preexisting belief of Democrats	Explicit Political	Institutional (partisan) dominated

Although the 1972 reauthorization also increased the annual and aggregate loan limits for GSL, and created the Sallie Mae for a secondary loan market, its primary focus was on grants for the neediest students, driven by a dominating interest of the higher education community. This resulted in increased costs to the federal government, and showed a deepening commitment by the federal government to enact redistributive policy in an attempt to remove financial barriers to postsecondary education. As a result loan costs would modestly increase from \$1.48 billion in 1972 to \$1.61 billion in 1976, while grant costs would more than double, from \$2.93 billion to \$6.62 billion.

#### 1976 Reauthorization

Because the 1972 reauthorization had been regarded as a major success, and because of limited changes to the composition of the Congress, changes to student aid were limited in 1976. All the changes that were made were treated as minor tweaks on the margins of the programs, and all relied on existing operational institutional practices. For example, eligibility for BEOG was increased, as was the maximum grant size. GSL increased borrowing limits and increased the family income ceiling. These tweaks didn't explicitly rely on presentation of any information (see table 5-4), and were mostly driven by strong presence of Democrats in Congress, who desired expanded eligibility for both programs, and the interest of the higher education community. In the next two years, loan costs increased 35% from \$1.61 billion to \$2.18 billion while grant costs decreased 8% to \$6.09 Billion. However, middle income families were starting to become a more vocal interest, leading to a major policy shift in 1978.

#### The Middle Income Student Assistance Act (MISAA) of 1978

The 1976 reauthorization had raised the family income limit for subsidized loans to \$25,000. However, the median income in the US had risen to nearly \$20,000 by 1978, and



middle-income families began complaining that they were being squeezed out of the GSL program. Tax credits were once again offered, but failed to pass, based on a Treasury Report study warning of their costs (see table 5-5). Instead, family income limits for subsidized loans were removed entirely, signaling a strong ideological push for increased distributive policy, and a success of majoritarian politics. This also represented a victory for the interests of Banks, which desired a larger pool of customers with higher incomes. Over the intervening 4 years, the number of GSL loans increased from 1 million to 3.1 million, which came with vastly increased costs to the federal government. Between 1978 and 1980, loan costs nearly doubled to \$4.13 Billion. Although budget pressures would later require action to reduce costs, opening the GSL market created a larger (more distributive and majoritarian) group of beneficiaries, which may have helped sustain the program politically ever since.

Table 5-4 Information Relevant to HEA Reauthorization, 1976

Issue	Message	Political Context	Technical Context	Source	Information Type	Information Function	Utilization	Explanation of Decision
Remove Impediments to College	Cost is largest barrier to college attendance	Low Conflict	Low Conflict	Gardner and Rivlin Reports	Support for preexisting opinion for Democrats	Output Monitoring	Implicit Political	Institutional (partisan) dominated

Table 5-5 Information Relevant to MISAA, 1978

Issue	Message	Political Context	Technical Context	Source	Information Type	Information Function	Utilization	Explanation of Decision
Remove Impediments to College	Middle Income families feel they are 'squeezed out' from eligibility	Low Conflict	Low Conflict	Gardner and Rivlin Reports	Output Monitoring	Support for preexisting opinion for Democrats	implicit political	interests (parents) dominated
Avoid increased Costs	tax credits would be regressive and costly, may not increase attendance	Some Conflict	Low Conflict	Treasury	Outcome Assessment	warning about increased costs	explicit rational	tax credits voted down as result of information

Table 5-6 Information Relevant to HEA Reauthorization, 1980

Issue	Message	Political Context	Technical Context	Source	Information Type	Information Function	Utilization	Explanation of Decision
Control Rising Cost of student aid	Costs doubled between 1978 and 1980	Low Conflict	Low Conflict	Budget	Output Monitoring	Warning about rising costs	Explicit Rational	Resulted in interest rate hikes, a cap on interest subsidies, and reinstated family income limits

## 1980 Reauthorization

The 1980 reauthorization recognized the massive growth in loan spending, and used this program activity information as the main basis for changes to HEA. It is during this period that the cost of the student aid programs started to become more important than the goals of the programs. The reauthorization attempted to slow the growth and reduce the costs of federal student aid, representing a shift in the political dialogue from coverage to cost. It raised the GSL interest rate from 7% to 9% in an attempt to slow program growth and created the parent loans for undergraduate students (PLUS) program. Additionally, BEOG was renamed the Pell Grant program. After the reauthorization, the omnibus budget reconciliation act of 1981 re-instituted a family income ceiling at \$30,000 for interest subsidies and expanded PLUS loans, renaming them to Auxiliary Loans to Assist Students (ALAS). These loans were made available to independent students, as well as graduate and professional students. Although the 1980 reauthorization did not manage to stall growth in Title IV spending, it does represent how information can overcome the other issues in some circumstances (see table 5-6).

The 1980 reauthorization reduced the scope of federal involvement by pulling back on eligibility for loans. It also worked against the interests of institutions of higher education (who lost students), banks (who lost borrowers), and students (who lost some support for higher education). Despite the reauthorization, loan costs increased two-fold from \$4.13 billion in 1980 to \$8.81 billion in 1986. An unintended consequence of this accelerated growth was that appropriations for grant programs suffered, falling from \$6.75 billion to \$5.36 billion over the same period.

Table 5-7 Information Relevant to HEA Reauthorization, 1986

Issue	Message	Political Context	Technical Context	Source	Information Type	Information Function	Utilization	Explanation of Decision
Control Rising Cost of student aid	Costs doubled between 1980 and 1986	Low Conflict	Low Conflict	Budget	Output monitoring	Warning about rising costs	Explicit Rational	Resulted in expansion of needs testing and a limit on student borrowing equal to their calculated need

Table 5-8 Information Relevant to HEA Reauthorization, 1992

Issue	Message	Political Context	Technical Context	Source	Information Type	Information Function	Utilization	Explanation of Decision
Remove Impediments to College	Costs of College increasing, and pricing poorest students out of school	Low Conflict	Low Conflict	CRS	Output Monitoring	Support for Preexisting Position for Democrats	Explicit Political	resulted in change in financial aid calculation to increase eligibility, creation of unsubsidized loans, and increased loan availability
Control Rising Cost of Student Aid	Costs doubled between 1986 and 1992, set to skyrocket under revised budget rules (required to be used starting in 1993)	Low Conflict	Low Conflict	Budget	Output Monitoring	Warning about rising costs	Explicit Rational	ultimately one of the biggest reasons direct loan program was created
Control Rising Defaults	Government increasing have to pay out on guarantees - some argue this shows that institutions are failing to get students ready for jobs, other that the costs of loans are too high	Some Conflict	Some Conflict	CBO	Output Monitoring	Warning about rising defaults	not used	direct loans took all the attention and defaults were not addressed
Direct Loan cost estimates	Direct Loans could help address rising costs problems because they would be substantially more cost effective than guaranteed loans	High Conflict	Low Conflict	CBO, GAO, Department of Education	Outcome Assessment	Guidance to adopt a more cost-effective program	Explicit Rational	resulted in creation of direct loan program

### 1986 Reauthorization

The 1986 reauthorization of HEA was characterized by continued attempts to slow down the growth in costs of student aid programs. Like the 1980 reauthorization, information on costs playing a determinant role in the outcome over other issues (see table 5-7), and no interests were able to dominate the decision making process. First, it established a needs test for all students, not just those above the family income limit. It also limited borrowing to the amount of individual student need. These two changes represented a drastic reversal from MISAA. The 1986 reauthorization also separated PLUS loans from ALAS and kept loans for independent and graduate students into a student loan subsidy (SLS). These changes were still not sufficient to halt the growth of the programs, with loan costs increasing to \$13.47 billion and grant programs to \$8.44 billion by the next reauthorization.

### 1992 Reauthorization

Reauthorizers in 1992 were faced with numerous problems. First, information showing that, despite grants, college costs were pricing low income students out of higher education, resulting in increased reliance on student loans. In addition, other information on the cost of government made budget pressures high and showed that upper-income students had lost access to student aid programs. In addition, program activity information showed that loan defaults were increasing. The upcoming 1992 presidential elections heightened the political tension surrounding reauthorization. Finally, scope of government played a major ideological role, as there was a high amount of tension between the desire to support higher education and the need to cut federal spending.

When HEA passed in 1965, Congress chose to use GSL because congressional budgeting rules made the guaranteed approach attractive. Under the rules in place in 1965, the full cost of

giving a direct loan was required to be placed on the budget in the year the loan was made. Thus, although the government would eventually recoup most of the costs (actually turning a profit in most cases), the budget would show a net loss for the full value of loans issued each year. However, by taking the guaranteed loan approach, no upfront cost had to be recorded, and costs of defaults and interest subsidies appeared only as they happened. In the terms of tools of government, guaranteed loans were less visible than direct loans (Salamon, 2002). Although program activity information was available that suggested that this allowed the government to take on liabilities without accounting for how they would pay them off, programmatic institutional norms won out. This changed in 1990, when the Federal Credit Reform Act (FCRA) was passed, requiring all loans (including guaranteed loans) to account for all long term expenses they would accrue, changing that programmatic norm.

The 1990 change in budget rules paved the way for the current direct loan program. Now that the institutional and interest factors had been eliminated, and all budget costs were considered, the program became amenable to changes resulting from information. Shortly after the FCRA was passed, an analysis conducted by the administration of George H.W. Bush suggested that a direct loan program would be more cost effective than the guaranteed approach. Responding to this research, a direct loan program was considered in 1992. President George H.W. Bush vehemently opposed the Direct Loan (DL) Program, and the program was reduced to a pilot with a maximum of 300 institutions, representing less than 5% of total student loan volume. The DL program was phased in through legislation in 1993, after the election of President Clinton, who had used the program in his campaign. Because of concerns of some Senate Democrats, this would be a gradual phase-in, and the Omnibus Reconciliation Act allowed for a phasing in of direct loans up to 60% of the full amount of loans issued nationwide

by 1997. Clinton successfully managed to get this expansion by getting the change into the omnibus bill and tying it to the budget procedures. These changes to student loans will be discussed in more detail in the following paragraphs, along with a broader consideration of changes to HEA resulting from the reauthorization.

In 1992, the reauthorization of HEA brought about four major changes to the program. First, technical issues were addressed, including enactment of changes to the way in which financial aid was calculated, which greatly expanded the reach of the program. Second, unsubsidized loans were created, which were still insured by the US government, but which did not cover the cost of interest and required students to pay market rates for loan, and offered for the first time. This also expanded the reach of the student loan programs. Third, limits on the amount of loans available to students were increased, again expanding the program. These expansions of the program, which dealt with coverage, were strongly supported by universities, private lenders, and interest groups, representing a dominance of majoritarian politics. These groups, however, were less supportive of the pilot program for direct loans, which was focused on reducing costs, which had been suggested by the Department of Education, rather than by private lenders. This change highlighted the ideological tensions between public and private, shifted politics from majoritarian to entrepreneurial, and challenged operational institutional norms, but eventually overcame these challenges with support from a programmatic institutional shift in power toward the Democratic party, along with program activity information supporting a direct loan approach as more efficient in distributing funds (see table 5-8).

Susan Hanna (1996) provides a thorough analysis of the legislative changes to HEA in the 1992 reauthorization, with discussion of the technical and political factors that influenced the outcomes. Much of her analysis is reconsidered here. Among the key players in the 1992

reauthorization were the educational institutions (represented by groups like the American Council on Education and the National Association of Student Financial Aid Administrators, and guarantee organizations (represented by the National Council on Higher Education Loan Programs). The Department of Education itself had a fairly limited impact on the reauthorization, despite the active desire of Secretary Cavazos and his successor, Lamar Alexander, to make the department an active participant. The Department organized a steering committee, organized around program areas, which resulted in a focus on technical issues rather than input on proposals for broad policy change. Still, one such technical output from the department indicated that a direct loan program would result in reduced costs and simpler administration. The president, who didn't support a direct lending program, would soon thereafter replace Cavazos with Alexander. However, this analysis would still be one of the critical pieces, along with General Accounting Office (GAO) reports calling the guaranteed loan system a "complicated, cumbersome process," that would later save the pilot version of the program from being vetoed by President GW Bush.

The elimination of budget rules and introduction of direct loans, however, did not eliminate guaranteed loans. The guaranteed loan program had accumulated an industry of lenders who profited from their use without facing the risks of loan default. These institutional interests would continue to lobby for continuation of the guaranteed loan program. These opponents to direct loans were made up of banks, secondary marketers, Sallie Mae, state guarantee agencies, and the Republican president GW Bush and his OMB staff (Hannah, 1996). Democratic lawmakers and education groups like National Association of State Colleges and Land Grant Universities (NASCLGU) were the primary supporters of Direct Loans, along with then presidential candidate, Bill Clinton. Ultimately, President Bush threatened to veto HEA if the



direct loan program was included, and the program was scaled back to a pilot as a compromise, supported in part by research produced within the Department of Education.

The planned phase-in of the DL program did not run on schedule. The guaranteed loan program had accumulated an industry of lenders who profited from guaranteed loans without facing the risks of loan default. As the program was being phased in, private banks improved their service levels and product offerings, keeping DL from gaining the expected share of the student loan market. Meanwhile, loan costs after the massive 1992 reauthorization continued to skyrocket, increasing from \$13.47 billion in 1992 to \$31.35 billion in 1998. Grant costs remained fairly stable over the period, reaching \$10.11 billion by 1998<sup>12</sup>.

#### 1998 Reauthorization

Prior to the 1998 reauthorization, the Taxpayer Relief Act of 1997 finally instituted tax credits for education. These credits, as Treasury had warned, came with a high cost, estimated at approximately \$40 billion over 5 years, nearly the same costs as all federal grants. This policy represented a success of entrepreneurial politics, as benefits were concentrated to middle and higher income families, but the costs were dispersed to all taxpayers. This also represents a success for the distributive ideology, and a shift in policy design from programs administered by ED to an individual benefit to be claimed on tax forms, increasing automaticity and reducing visibility. After the resulting increase in costs, the 1998 reauthorization of HEA was fairly limited in scope, as was the reliance on information (see table 5-9). No new loan programs were created, there were no eligibility changes, no increases in loan limits, and no new decisions about direct loans.

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<sup>12</sup> Some portion of the change in loan costs can be attributed to the change in Congressional budget rules in 1990. However, it isn't clear exactly which portion of the increase is attributable to this change.

Table 5-9 Information Relevant to HEA Reauthorization, 1998

Issue	Message	Political Context	Technical Context	Source	Information Type	Information Function	Utilization	Explanation of Decision
Remove Impediments to College	Costs of college outpaced inflation, insufficient help from pell grants	Low Conflict	Low Conflict	CRS	Output monitoring	Support for Preexisting Position for Democrats	Implicit Political	indirect support resulted in inclusion of higher ed tax credits in Taxpayer Relief Act
Control Rising Defaults	Government increasing have to pay out on guarantees - some argue this shows that institutions are failing to get students ready for jobs, other that the costs of loans are too high	Some Conflict	Some Conflict	CBO	Output monitoring	Warning of increasing default rates	Explicit Incremental	Resulted in default calculation change to extend time before a student would be considered in default
Target Program to achieve Equality Goal	Cost of tax credits would be high and would not likely result in increased attendance	Some Conflict	Low Conflict	Treasury, CBO	Outcome Assessment	Warning of increased costs without demonstrable benefit	Not Used/ explicit rational	finance committees passed tax credits but did set income caps to limit the regressivity

Table 5-10 Information Relevant to HEA Reauthorization, 2008

Table 5-10 Information Relevant to HEA Reauthorization, 2008								
Issue	Message	Political Context	Technical Context	Source	Information Type	Information Function	Utilization	Explanation of Decision
Remove Impediments to College	2002 study of rising costs	Low Conflict	Low Conflict	CRS	Output Monitoring	Support for preexisting position for Democrats	Explicit Political	Resulted in expansion of pell grants, but proposal for 'college affordability index' was successfully opposed by schools
Increase College Completions	certain programs could be funded that would increase college graduation rates	High Conflict	High Conflict	Education Trust	Outcome Assessment	Guidance to Provide Additional Aid	Not Used	dismissed as rent seeking by Republican leadership
Control Rising Defaults	Government increasing have to pay out on guarantees - some argue this shows that institutions are failing to get students ready for jobs, other that the costs of loans are too high	Some Conflict	Some Conflict	CBO	Output Monitoring	Warning of increasing Default Rates	Implicit Incremental	in an attempt to further reduce defaults, resulted in income-based repayment plans and instituted some forms of loan forgiveness

The apparent equilibrium of the 1998 reauthorization can be partially explained by the continued schism between the parties, combined with a divided government now that Republicans controlled the Congress, as illustrated in a Chronicle of Higher Education story describing a meeting between Representatives McKeon (R-CA) and Kildee (D-MI);

*“Mr. McKeon reached out to Rep. Dale Kildee, the ranking Democrat on the House postsecondary-education subcommittee, and offered a deal on the Higher Education Act. The Republicans, Mr. McKeon said, would not take aim at President Clinton's direct-lending program, which G.O.P. lawmakers had tried to kill in 1995, as long as the Democrats did not go after the banks and guarantee agencies that make up the guaranteed-student loan program. Mr. Kildee, a low-key lawmaker from Michigan, agreed (Burd, 1998).”*

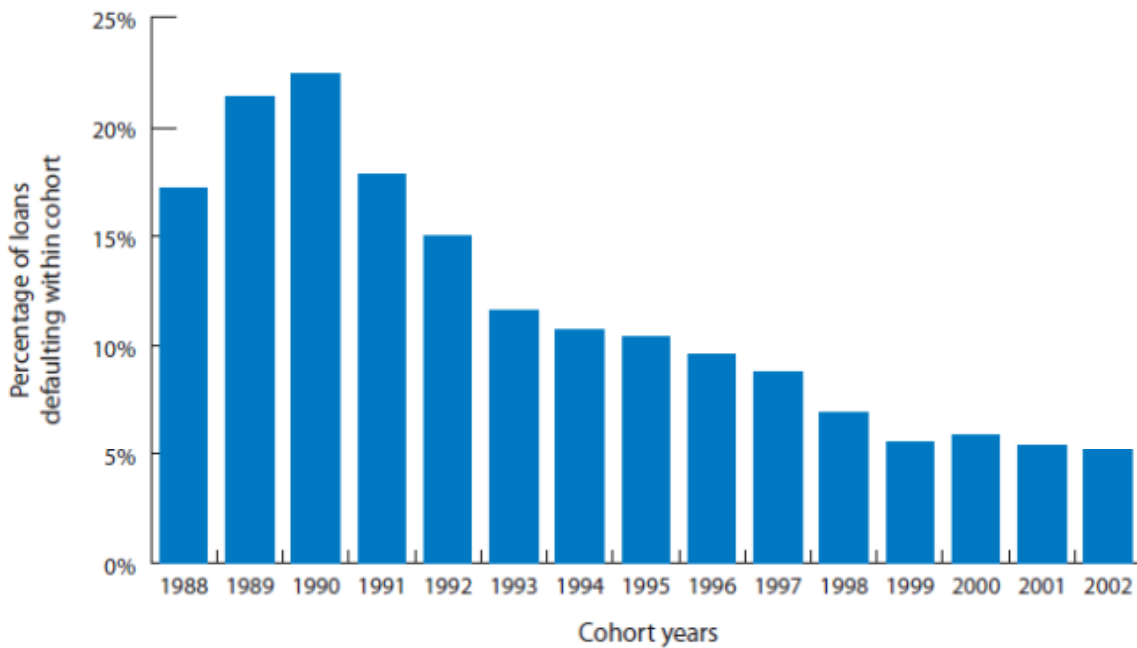
The National Direct Student Loan Coalition (NDSLCL) would be formed the next year, possibly due to the continued inaction legislatively about direct loans. The 1998 reauthorization did contain some changes for other parts of Title IV. Pell grants authorizations were greatly expanded in an attempt to counter the regressive effects of the tax credits, although appropriations would not match these increases. In addition, interest rates on Stafford loans were increased and the consolidation formula for student loans was modified.

One interesting change enacted during the 1998 reauthorization was a change to the way defaults were approached technically. In 1992, there had been discussion about making institutions accountable for default rates, a debate which had revolved around a technical conflict. Some decision makers claimed that high default rates were evidence that some schools were not providing education of enough quality to place students into jobs that could allow them to repay. There were several arguments against this interpretation driven by technical conflict.

First, some argued that default rates were high because banks had set repayment amounts too high to be covered by entry level positions that most students obtain after college. Others argued that default occurred before students were given sufficient time to find a job. Still others argued that default rates were concentrated in students who had dropped out of college, and actually represented a different problem all together. While all these views were expressed in 1992, no decisions about defaults were made. This reflects the expected incremental approach that occurs when there is technical conflict. By 1998, the view that defaults occurred too soon after graduation had become generally accepted through information-driven enlightenment, in which repeated studies claiming that the deferment period between school and repayment was unreasonably short dispersed through the political dialogue. As a result, decision makers amended the formula for defaults, extended the grace period from 90 to 120 days. This highlights the potential for information to eventually impact policy where there are conflicts. However, as shown in figure 5-4, the spike in defaults that had occurred in the early 90s was already trending downward, and the change had little immediate impact on default rates.

Due in part to the limited nature of changes to the Act, there was overwhelming support of reauthorization (414 to 4 in the House, 96 to 1 in the Senate). Although the higher education community benefited the most from the 1998 reauthorization, it wasn't clear that they played a dominating role. Instead, the general avoidance of conflict and limited nature of the changes kept interests from becoming heavily involved. Costs would continue to increase until the next scheduled reauthorization, with loan costs increasing to \$49.64 billion and grant costs reaching \$17.47 billion before 2004. Reauthorization, however, would not occur until 2008.

Figure 5-4 National Long-Term Default Rates on Student Loans<sup>13</sup>



#### 2008 Reauthorization

HEA was slated for reauthorization in 2004. However, the response to the September 11 attack, as well as the wars in Iraq and Afghanistan, delayed congressional action. In addition, Hurricane Katrina further delayed reauthorization. Finally, as a result of the passage of No Child Left Behind, education policy was largely focused on elementary and secondary education. The HEA reauthorization process, as a result would span over 5 years, including four sessions of Congress. Until 2008, HEA would only continue through a series of 14 Congressional extensions. Throughout this period, one of the major issues of consideration was that of increased college costs. This issue was highlighted by a 2002 study of college costs and prices. In 2003, Republican Representative Buck McKeon, proposed the creation of a college affordability index. This would require tuition increases to be limited to twice the CPI, or for

<sup>13</sup> Source: Texas Guaranteed Student Loan Association, 2005

institutions to lose eligibility for federal assistance. McKeon introduced bills for Titles III and IV of HEA, but they did not pass. McKeon, giving credit to the American Association of State Colleges and Universities (AASCU), eventually dropped the college affordability index from the bills, but threatened to return it if tuition continued to increase.

The next point of contention in HEA reauthorization was the issue of graduation rates. The Education Trust and a broad coalition of other members of the higher education community mounted a lobbying effort based on the Education Trust's 2004 report "A Matter of Degrees." This report presented ways to improve the completion rate of students in higher education, including highlighting issues related to the poorest students and to racial and ethnic minorities. One thing these groups argued was that federal money for access to education failed to address a deeper problem of college completion. McKeon responded to this effort with a letter that accused the higher education community of being self-interested and working against the interests of students and their parents. Specifically, he viewed their efforts as an attempt at rent-seeking, to receive institutional funding, potentially at a cost to direct aid to students. One potential compromise that came from this disagreement was a potential implementation of a record system to track the enrollment of students receiving federal aid. This provision failed, due to continued opposition from private colleges.

Movement towards HEA reauthorization began in earnest in 2005, when President Bush nominated Margaret Spellings to be the new Secretary of Education, and when his budget proposal included expanded funding for Pell grants, increased eligibility limits for loans, and cuts to lender subsidies. This was due in part to the result of the 2004 reelection of President Bush, which reduced the ability for Democrats to use programmatic institutional norms to slow progress on reauthorization. Putting these HEA changes into the budget effectively removed

much of the Title IV debate from the reauthorization process and moved it into the budget reconciliation process, where it would be one of many policy areas where the Education and Welfare Committee (EWC) was trying to achieve \$13 billion in savings, which also changed the programmatic institutional norms surrounding the process. Republican control of the House and Senate allowed the president's budget changes to be enacted along party lines, resulting in the Deficit Reduction Act of 2005. This act also included a change to the loan consolidation formula, which had been identified by the program's PART assessment, which will be described in the next section. Shortly thereafter, McKeon became chair of the EWC. However, control of the House shifted to the Democrats in the 2006 elections, and the remainder of HEA's reauthorization would require more than party-line voting.

The next piece of legislation, the College Cost Reduction and Access Act of 2007, provided permanent funding to Pell Grants for the following six years, lowered subsidies to private lenders, lowered interest rates for students until the end of 2012, and instituted income based repayment and loan forgiveness options for students, based at reports that defaults were increasing produced by the banks (see table 5-10). President Bush, in part due to the concerns of lenders, threatened to veto the bill, but ultimately signed it after it passed both houses with large majorities. In this case of divided government, Congress was able to make a significant change despite strong opposition by the president.

The final piece of HEA reauthorization was focused mainly outside of Title IV, and included several hotly contested issues, including graduation rates, teacher licensing, increased regulations surrounding the lender-institution relationship, and credit transfer policies. The eventual passage of the Higher Education Opportunity and Affordability Act (HEOA) of 2008 was due in part to higher education interests' voluntary creation of programs to accomplish (to a



limited extent) parts of the legislation they opposed, such as a voluntary system of accountability for defaults. Another event that added some pressure to finish was when Senator Kennedy (D-MA) became ill and had to relinquish his chair position of the Education Labor Committee to Barbara Mikulski (D-MD), who pushed to pass the bill in his name. HEOA reauthorized HEA until 2014.

### 2010 Student Loan Takeover by Direct Loans

Participation in the direct loan program remained low through 2007 (Department of Education, 2008), with most student loans still being made through the guaranteed loan programs. This began to change with the weakening of financial markets in 2008, when private lenders began to restrict their student loan lending. This led Congress to pass the Ensuring Continued Access to Student Loans Act (ECASLA) in 2008, in response to the dominating interest of banks. This legislation allowed the Department of Education to purchase existing student loans, thus providing private lenders capital to originate new loans. The Student Aid and Fiscal Responsibility Act (SAFRA), passed in 2010, made the Department of Education's Direct Loan Program (DL) the sole lender of government subsidized loans for higher education, representing a shift in dominant interests from the banks to the higher education community. Two factors contributed to this change. First, research producing information from targeted analysis of program activity information which indicated that direct loans were less costly than guaranteed loans. Second, the argument that ECASLA had essentially turned guaranteed loans into a program that was mostly similar to Direct Loans. Therefore new institutions were not needed to facilitate a direct loan takeover. The Congressional Budget Office created information which estimated that the takeover of the guaranteed loan programs by the DL program would generate \$68.7 Billion in savings over 10 years (see table 5-11).

The takeover of student loans by the DL program required several changes. First, the Department of Education had to add additional staff and servicers to handle the volume of loans, and have begun focusing on customer service in their performance assessments, in addition to the traditionally-tracked enrollment numbers. This design of the DL program, in which servicers are used to issue loans, rather than direct provision by the federal government, reflects the ideological stance of limited scope of government<sup>14</sup>. School administrators who had been implementing the GSL program had to convert their systems to handle Direct Loans, and most had to do so before the law actually passed in order to continue receiving funds after passage. This technical conversion was completed by the vast majority of institutions of higher education without serious concerns. The Education Department provided assistance at the annual Federal Student Aid (FSA) Conference and via seminars, webinars, tech support, and site visits. Congress budgeted \$50 million for personal assistance for schools who needed assistance with the conversion, though not all of the funds were used.

The Department reported 100% of institutions were ready to receive direct loans within a year of the bill's passage. Many of these schools received training and assistance from NDSLCL. Despite these early positive results for adoption and customer service, the DL program was estimated to cost the government \$6 million in its first year, which has raised questions about its ability to turn the expected profit. This is especially important to future decisions regarding the DL program, given the increasingly constrained budget situation for the federal government.

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<sup>14</sup> This same type of arrangement can be seen in the Medicare program, where federal aid is provided through third party insurers, which allows for some automaticity to be included, even in a more direct government program.

Table 5-11 Information Relevant to Direct Loan Takeover, 2010

Issue	Message	Political Context	Technical Context	Source	Information Type	Information Function	Utilization	Explanation of Decision
Economy	Banks would be unable to continue issuing loans because of failing capital markets	High Conflict	Low Conflict	Banks	Output Monitoring	Support for preexisting position for Democrats	Explicit political	decision dominated by interests
Direct Loan cost estimates	Direct Loans could help address rising costs problems because they would be substantially more cost effective than guaranteed loans	Some Conflict	Low Conflict	CBO, GAO, Department of Education	Outcome Assessment	Guidance to expand direct loan program	Explicit rational	resulted in direct loan takeover of all student loans

### Exploration of Case Study Evidence

The previous sections provided a descriptive history of the student loan programs under Title IV of HEA, which summarized the major debates and decisions about the programs over the past 50 years with attention paid to the utilization of information, the degree of political and technical consensus, and the use of multiple sources of information. The remainder of this chapter will turn to critical exploration of that history, along with evidence gathered from document review and interviews with program officials, legislative stakeholders, and related interest groups. For each era, the relative importance of the four-Is will be considered, with attention paid to the utilization of information, the degree of political and technical conflict, and the use of multiple sources of information.

After that, the chapter will turn its focus to performance management efforts, which will be used to explore the second hypothesis, that the ability to measure activities and outcomes will contribute to utilization that mirrors rational/technical decision making approaches. While impacts from these efforts has been discussed in the individual reauthorizations and will be mentioned again in the analysis of eras, examining them in a separate section, with a focus on information as it pertains to implementation will allow for a greater understanding of the context of these sources of information for federal student aid. Specifically, it will examine the possibility that bureaucratic type will be associated with the success of performance efforts, and it will begin with a discussion of the creation and use of performance information. This section will focus on the Government Performance and Results Act (GPRA), Program Rating Assessment Tool (PART), and GPRA Modernization Act (GPRAMA), with an eye toward the ability of student loan programs to specify goals, measure progress, and produce information, as well as on the utilization of that information in a way that impact the outcome of decisions. Both

of these sections will also provide some information about the third hypothesis, which suggests that public provision of performance information through these efforts will increase private provision of information, especially in times of political or technical conflict.

#### The Four I's in HEA's Interactive Political Dialogue

In order to better understand how the four I's have influenced HEA over time, this section will group the individual legislative actions above into several 'eras' of HEA, and analyze the presence and impact of each of the four I's in each of those eras. This exploration will consider the 5 eras of HEA, which are listed along with major events and political party representation in Table 5-12. As discussed in chapter 2, Weiss' four I's (1979) show that the utilization of information for decision making purposes depends on the ideology of the decision makers, the interests impacted by the decision, institutional characteristics and norms of decision making and of the impacted programs, and the availability and understanding of existing information at the time of the decision. The following section will apply that four-I framework to the different eras of HEA's history, in order to explore the various impacts of the four factors.

Table 5-12 Eras and Major Events of the Higher Education Act

<b>Era</b>	<b>Major Event</b>	<b>President</b>	<b>House</b>	<b>Senate</b>
Passage	1965 HEA Passage	D - Johnson	D (289-136)	D (67-33)
Expansion	1968 Reauthorization	D - Johnson	D (247-187)	D (64-36)
	1972 Reauthorization	R - Nixon	D (255-180)	D (56-45)
	1976 Reauthorization	R - Ford	D (291-144)	D (61-39)
	MISAA (1978)	D - Carter	D (292-143)	D (61-39)
Contraction	1980 Reauthorization	D- Carter	D (277-158)	D (58-42)
	Budget Reconciliation Act 1981	R - Reagan	D (244-191)	R (53-47)
	1986 Reauthorization	R - Reagan	D (253-182)	R (53-47)
	Federal Credit Reform Act 1990	R - HW Bush	D (258-177)	D (55-45)
Entrenchment	1992 Reauthorization	R - HW Bush	D (270-165)	D (58-42)
	Omnibus Reconciliation Act 1993	D - Clinton	D (259-176)	D (57-43)
	Taxpayer Relief Act 1997	D - Clinton	R (228-206)	R (55-45)
	1998 Reauthorization	D - Clinton	R (227-207)	R (55-45)
Delay	Deficit Reduction Act 2005	R - W Bush	R (232-202)	R (51-49)
	College Cost Reduction and Access Act 2007	R - W Bush	D (233-202)	D (51-49)
	2008 Reauthorization (HEOA)	R - W Bush	D (233-202)	D (51-49)
Modern	Ensuring Continued Access to Student Loans Act (ECASLA) 2008	R - W Bush	D (233-202)	D (51-49)
	American Recovery and Reinvestment Act (ARRA) 2009	D - Obama	D (256-178)	D (57-43)
	Student Aid and Fiscal Responsibility Act (2010)	D - Obama	D (256-178)	D (57-43)

When considering ideology, the focus will be on debates surrounding issues of federalism and surrounding issues of the public versus private ideological divide. Federalism issues will examine tension between the national government and the state and local governments. Scope of government issues will include other debates of federal authority to dictate substantive policies or directly provide goods or services, including economic interventions and regulations. As described in chapter 2, ideological conflicts are often represented by interest groups. For example, state and local officials represent an opposition interest group to federal policies, and the private sector represents interests opposed to government provision of goods and services.

Interests will be represented by three types of groups who have a vested interest in a decision, government actors, the education community, and policy interests. The first of these includes national, state, and local government officials that make decisions about education financing, while the second is focused on the interests of educational institutions, as well as the staff that deliver education services. The last group contains interests for private industries who are impacted by education policy, including banks and guarantee agencies, as well as families of students. These groups, to a varying extent, will be involved in the four types of politics: Interest group politics, client politics, entrepreneurial politics, and majoritarian politics. It is expected that client and majoritarian politics will generally be associated with low political conflict, while interest group politics and entrepreneurial politics will be generally associated with low levels of political conflict. Given these expectations, we expect a higher utilization of information in the latter categories.

Third, institutional characteristics and norms will be accounted for in two ways. The first set of institutional norms and procedures, referred to in this study as being related to programmatic norms. These are the rules and standards that surround the creation and direction

of programs by outside entities, and include issues of separation of powers in the national government, including tension between the President and Congress. This also includes the partisan balance of the President and Congress and institutional norms of Congress as an organization, including the committee process and congressional rules. Finally, we will consider the decision relative to the nearest election cycle. This is important as decisions made shortly after an election will tend to be justified (whether deservingly so or not) by the results of that election, whereas decisions during an election cycle are more likely to reflect expectations about the public's response in the future. Operational institutional norms of the individual programs are also important. Key to this factor are issues of the program design, especially automaticity, which includes the established processes for providing services and benefits.

Finally, information will be considered in three major categories: Program activities, program outcomes, and justification information, defined as information that impacts a decision about the program, even if the information is not substantively about the program.

Additionally, the various sources of information will be identified, including information published from government sources, including commission reports, CBO estimates, GAO audits, internally produced information -including strategic plans, internal performance measures, and reports produced within the agency – as well as privately produced information from interest groups and academics.

#### HEA's passage in 1965

Table 5-13 shows that all four-I's played a role in the initial passage of HEA, but that largest impact came from the strong, unified Democratic control of the Congress and Presidency. With a supermajority of Democrats in both houses, President Johnson had expansive political cover to institute his Great Society programs, including ESEA and HEA. This partisan power



overcame resistance to and increased role of the national government in the federal system as well as reservations about guaranteed loans from the private sector. Ultimately this political advantage, along with support from financial institutions, were sufficient to push HEA through Congress.

Despite his political advantage, President Johnson did utilize some justification information in support of HEA legislation. His task force report cited a survey conducted by the higher education community, which had determined that the largest barrier to college attendance was cost. Based on this research, the task force made several recommendations related to financial aid. Each of these, not surprisingly, were aligned with Johnson's stated preferences for Title IV funding. Outside of the task force report, other information did not appear to be cited in support or opposition to HEA's passage.

Table 5-13 Impact of Four-Is at HEA Passage, 1965

Decision Making Factor	Indicator	Strength of Impact	Direction of Impact	Description
Ideology	Relationship of Federal, State, and Local Governments	Minor	oppose	Questions of state responsibilities, and removal from the loan dispersal process, represented an expansion of federal government.
	The view of what it is appropriate for government to do vis-à-vis the private sector	Minor	support	Belief that government should support private sector, rather than directly provide services, supported the guaranteed loan approach
Interests	Costs and benefits are concentrated	Minor	support	Higher Education Community, including College Scholarship Service, successfully lobbied to have grants distributed to schools.
	Costs are dispersed benefits are concentrated	Major	support	Bank and guarantee agencies successfully pressed for concessions on federal role before agreeing to guaranteed loan approach
	Costs are concentrated and benefits are dispersed	N/A	N/A	No concentrated costs applied to obtain dispersed benefits
	Costs and benefits are dispersed	Minor	support	federal funds allocated based on relative size of state college populations
Institutions	Rules and standard operating procedures related to the process for setting goals	Primary	support	Congressional budget rules greatly enhanced the attractiveness of graduated approach, relative to a direct loan approach. Supermajorities and unified government under Johnson greatly enhanced support for legislation
	standard operating procedures related to the program operations intended to	Minor	oppose	Experience from Land Grants suggested an existing preference for general aid over direct aid
		Minor	oppose	Experience from NDEA had established protocols for direct loans which could have been used
Information	Information about what the program is doing	N/A	N/A	Information not yet available about program activities, since they haven't been created yet.
	Information about the program's mission	N/A	N/A	Information not yet available about program outcomes, since they haven't been implemented yet.
	Information unrelated to the program, but germane to decision for other reasons, including information about the overall budget environment and about the need for the program	Minor	support	Johnson Task Force issued a report that cited cost of school as largest obstacle to college attendance, which recommended need-based scholarships and grants, expansion of federal loans with guarantees, and opposition to tax credits.

## HEA Expansion, 1968-1976

In the early years of HEA implementation, each of the four-I's can be used to explain the behavior that occurred with successive program decisions. The three largest decisions about the program during this period were 1) to change fund allocation from population-based to enrollment-based, 2) to focus on redistributive policy and expansion of grants, and 3) to remove family income limits for student loans.

The first of these changes was driven primarily by interest groups in the higher education community, who produced and disseminated reports that showed how the state-based allocation formulas resulted in unequal benefits being distributed to students with equal family incomes. The second was driven, like HEA's passage, by the political strength of the Democratic party. Support for increase redistribution was also reinforced by information, in the form of report released by Assistant Secretary Rivlin (1961). However, like with HEA's passage, lack of conflict resulted in only a minor role for the report, with no other source of information being offered to contradict its findings. The third change represented the first major policy change driven by a majoritarian politics, in this case middle income families, who were also supported by banks. Complaints to members of Congress from middle income families about the rising cost of education and the government's preference for lower income students spurred strong support for MISAA and the elimination of family income limits.

Table 5-14 Impact of Four-Is at HEA Expansion, 1968-1976

Decision Making Factor	Indicator	Strength of Impact	Direction of Impact	Description
Ideology	Relationship of Federal, State, and Local Governments	Minor	Oppose	allocation based on state populations ended
	The view of what it is appropriate for government to do vis-à-vis the private sector	Major	Support	Belief in government goal to reduce inequality spurred massive expansion in grants, relative to loans, while loan programs expanded more gradually until 1978.
Interests	Costs and benefits are concentrated	Minor	Support	Higher education community responsible for demonstrating disproportionate assignment of benefits under the state-based allocation formula, resulting in institution-based replacement.
	Costs are dispersed benefits are concentrated	Minor	Oppose	Banks supported elimination of family income limits, as that introduced customers who were more likely to repay loans, but did not lobby much
	Costs are concentrated and benefits are dispersed	Minor	Support	large states did not have the political capital to resist population-based allocation, but expansion in program size meant that states avoided any nominal loss in benefits. States also lobbied for additional grant money
	Costs and benefits are dispersed	Minor	Support	Middle-income families strongly lobbied for elimination of income limits
Institutions	Rules and standard operating procedures related to the process for setting goals	Primary	Support	Democratic Congress, even after Nixon elected, strongly supported expansion of redistributive grants.
	Rules and standard operating procedures related to the program operations intended to achieve those goals	Major	Support	State-based allocation replaced by institution-based allocation
		Major	Support	Removal of income limits on loans
Information	Information about what the program is doing	Minor	Support	information on allocation process were distributed to influence decision, but played a minor role, relative to the interest group activity
	Information about the program's mission	Minor	Support	information on result of allocation process were distributed to influence decision, but played a minor role, relative to the interest group activity
	Information unrelated to the program, but germane to decision for other reasons, including information about the overall budget environment and about the need for the program	Minor	Support	Assistant Secretary Rivlin's finding that income was still the biggest barrier to access

### HEA Contraction, 1979-1990

After the removal of family income limits for student loans, the costs of federal student aid skyrocketed, driving all decisions about the program for more than a decade, during which time budget issues predominated the political dialogue. During this period, the student aid programs were substantively changed in minor ways on the margins, but major changes were all related to attempts to reduce costs and slow the growth of the programs. During this period, a technical consensus about the problem and causes of the costs of the federal aid program dominated the political dialogue. The information that guided most of this discussion was the net cost of student loan programs, and Congress attempted to cut costs in any of the program activity areas it could, including reinstating family income limits, reducing interest subsidies, and increasing the overall interest rates, even above opposition of the banks.

Table 5-15 Impact of Four-Is at HEA Contraction, 1979-1990

Decision Making Factor	Indicator	Strength of Impact	Direction of Impact	Description
Ideology	Relationship of Federal, State, and Local Governments	N/A	N/A	Cost and Budget issues dominated
	The view of what it is appropriate for government to do vis-à-vis the private sector	N/A	N/A	Cost and Budget issues dominated
Interests	Costs and benefits are concentrated	N/A	N/A	Cost and Budget issues dominated
	Costs are dispersed benefits are concentrated	N/A	Oppose	Some resistance to potential loss of business, but did not manage to stop efforts to cut costs.
	Costs are concentrated and benefits are dispersed	Minor	N/A	Cost and Budget issues dominated
	Costs and benefits are dispersed	N/A	N/A	Cost and Budget issues dominated
Institutions	Rules and standard operating procedures related to the process for setting goals	Minor	Support	Republican majorities increased relative power of distributive (loans) over redistributive (grants), despite reintroducing some redistributive aspects to the loan programs
	Rules and standard operating procedures related to the program operations intended to achieve those goals	Minor	Support	family income limits reinstated
Information	Information about what the program is doing	Primary	Support	research pointing to elimination of family income limits as reason for cost increases
	Information about the program's mission	Major	Support	dramatic increase in cost of programs main contributing factor for desire to contract the program
	Information unrelated to the program, but germane to decision for other reasons, including information about the overall budget environment and about the need for the program	Minor	Support	overall pressure on cost of government played an important role

## HEA Redesign, 1992-2004

Table 5-16 Impact of Four-Is at HEA Redesign, 1992-2004

Decision Making Factor	Indicator	Strength of Impact	Direction of Impact	Description
Ideology	Relationship of Federal, State, and Local Governments	N/A	N/A	Not a major issue in this period
	The view of what it is appropriate for government to do vis-à-vis the private sector	Major	Support	Debate, and election campaign, hinged on question of whether federal government should become involved as an actor distributing loans, rather than a facilitator for delivery by the private sector.
Interests	Costs and benefits are concentrated	Primary	Both sides	higher education community supported direct loans as an alternative to the ‘complex, cumbersome’ guaranteed loan approach, while banks fiercely opposed government provision of loans as a challenge to their interests
	Costs are dispersed benefits are concentrated	N/A	N/A	interest group politics dominated during this period
	Costs are concentrated and benefits are dispersed	N/A	N/A	interest group politics dominated during this period
	Costs and benefits are dispersed	N/A	N/A	interest group politics dominated during this period
Institutions	Rules and standard operating procedures related to the process for setting goals	Major	Support	Clinton election seen as a mandate to deliver on campaign promise of instituting direct loans
	Rules and standard operating procedures related to the program operations intended to achieve those goals	Major	Support	New distribution mechanism created (direct loans)
Information	Information about what the program is doing	Major	Support	consolidation formula changed as a results of PART findings on the process
	Information about the program's mission	Major	Support	Projected cost effectiveness of direct loans from CBO, GAO, and ED all cited in support
	Information unrelated to the program, but germane to decision for	Minor	Oppose	Treasury projections of tax credit costs were not sufficient to prevent their enactment.
		N/A	N/A	information about direct loan activities played the dominant role

The third era of HEA was characterized by significant political conflict early on, with program design changes enacted and implemented. Rather than the legislative arena, most of the major changes in the era of HEA redesign were viewed as being decided through election results. Particularly, in 1992, while George HW Bush was campaigning for re-election against Bill Clinton, the creation of a program for direct student loans was one of the key debate issues. Clinton successfully marshaled the power of education interests and combined them with several sources of information, all of which claimed that direct loans would be more cost effective than the guaranteed approach. When President Clinton was elected, he expanded the Direct Loan program from a pilot into a permanent program. Throughout the course of his presidency, the direct loan program would develop, but remain small, as interest groups representing banks successfully fought to limit the program's reach.

#### HEA Delays, 2004-2008

HEA's reauthorization was delayed between its original date of 2004 to 2008, owing largely to political and technical conflict throughout the period. Politically, government interests went on the attack against the higher education and banks, investigating alleged fraud and collusion to set prices and increase the need for loans. Further, the 2006 elections gave control of the Congress to Democrats, resulting in increased institutional tension between the Congress and President. Meanwhile, various sources of information were being used to justify conflictual positions on reauthorization issues, including the investigation report, studies on college costs, a report on factors influencing college completion, and studies of student loan default rates. During this period, there was at least one instance of information driving a decision, when a suggestion from PART was included in the DRA of 2005.



Table 5-17 Impact of Four-Is at HEA Delays, 2004-2008

Decision Making Factor	Indicator	Strength of Impact	Direction of Impact	Description
Ideology	Relationship of Federal, State, and Local Governments	N/A	N/A	Focus was primarily on behavior of banks and higher education committee, and on programmatic institutional norms
	The view of what it is appropriate for government to do vis-à-vis the private sector	N/A	N/A	Focus was primarily on behavior of banks and higher education committee, and on programmatic institutional norms
Interests	Costs and benefits are concentrated	N/A	N/A	entrepreneurial politics dominated during this period
	Costs are dispersed benefits are concentrated	N/A	N/A	entrepreneurial politics dominated during this period
	Costs are concentrated and benefits are dispersed	Primary	Oppose	Higher Education Community opposed accountability related proposals, including student enrollment and loan default tracking systems. Avoided proposals by enacting voluntary programs. Banks opposed reduced subsidies and income-based repayment plans, and lobbied for a veto threat
	Costs and benefits are dispersed	N/A	N/A	entrepreneurial politics dominated during this period
Institutions	Rules and standard operating procedures related to the process for	Major	Support	Unified Republicans government early on led to the passage of the first parts of reauthorization
		Minor	Oppose	Divided government slowed down passage of the remainder of reauthorization
	Rules and standard operating procedures related to the program operations intended to achieve those goals	Minor	Support	Appropriation terms of Pell Grants changes from annual to every 6 years
Information	Information about what the program is doing	Major	Oppose	Investigation of fraud in loan policies/collusion between banks and higher education community, reduced ability for interests to effectively lobby over change
	Information about the program's mission	Minor	Support	focus on defaults enhanced motivation to pass student aid portions of reauthorization sooner.
	Information unrelated to the program, but germane to decision for other reasons, including information about the overall budget environment and about the need for the program	Minor	Support	reports of trends in increasing college costs cited as justification to expand aid programs.

### HEA Modern Era, 2008-2012

The most recent era of HEA has been dramatically impacted by the economic collapse and troubles associated with the American mortgage crisis. In 2008, Interest groups representing banks presented congress with information showing capital shortfalls that impacted their ability to offer sufficient student loans to meet demands. This effort resulted in infusions of federal money to buy existing loans, so that the banks could issue new ones. This effort, along with the existing efforts of the direct loan program, presented a program design option that allowed for further federal intervention in 2010, when the direct loan program was given sole authority over the student loans programs. Similar to the era of HEA contraction, there was a concentrated focus on budget and cost issues during this period, resulting in diminished substantive conflict, and a reliance on information to influence decisions, including evidence cited by President Obama and the Congress of potential cost savings generated by the Congressional Budget Office (CBO), Government Accountability Office (GAO), and the Office of Federal Student Aid (FSA).

Table 5-18 Impact of Four-Is at HEA Contraction, 2008-2012

Decision Making Factor	Indicator	Strength of Impact	Direction of Impact	Description
Ideology	Relationship of Federal, State, and Local Governments	N/A	N/A	Cost/Budget issues were main focus
	The view of what it is appropriate for government to do vis-à-vis the private sector	Major	Oppose	while takeover brings government into a more active role, it was tempered by requirement to use third party servicers
Interests	Costs and benefits are concentrated	N/A	N/A	client politics were most active during this period
	Costs are dispersed benefits are concentrated	Minor	Both	Banks lobbied initially for capital to provide additional loans, later lobbied unsuccessfully against direct loan takeover
	Costs are concentrated and benefits are dispersed	N/A	N/A	client politics were most active during this period
	Costs and benefits are dispersed	N/A	N/A	client politics were most active during this period
Institutions	Rules and standard operating procedures related to the process for setting goals	Primary	Support	unified Democratic control of government leveraged to pass expansive legislation.
	Rules and standard operating procedures related to the program operations intended to achieve those goals	Major	Support	Process established under ECASLA used to justify expansion of direct loan program
Information	Information about what the program is doing	Major	Support	operation of direct loan program cited as viable for expansion
	Information about the program's mission	Major	Support	reduced costs of direct loan claimed by CBO, GAO, and FSA
	Information unrelated to the program, but germane to decision for other reasons, including information about the overall budget environment and about the need for the program	Major	Support	Driving force of program changes during this period were economic issues unrelated to the student aid programs

### Creation and Utilization of Performance Information in Student Loan Programs

Although key sources of information, including performance efforts, have been discussed in the previous sections, this section will examine them in more detail, so that both the utilization and non-utilization of performance information can be examined in detail, and so the perceived value of these efforts by various actors can be explained.

#### GPRA

Passage of the Government Performance and Results Act (GPRA) in 1993 required federal agencies to draft strategic plans by 1994 and issue their first official plans by 1997. GPRA is primarily geared toward the learning function of performance management, as it asks agencies to specify goals through these strategic plans, and track progress toward those goals in annual performance reports. The Department of Education complied with this requirement, releasing its first draft strategic plan in 1994.

This plan introduced a main priority to ‘ensure access to high-quality postsecondary education and lifelong learning.’ Within this priority, the first objective was to ‘remove financial barriers by providing an appropriate combination of grants, loans, and work-study funds to enable all students at all income levels to finance postsecondary education.” This goal reflects the primary goal of federal student aid, and it is easy to measure activities that support this goal, as well as progress toward the goal. In 1998, the revised plan added an objective that ‘postsecondary student aid delivery and program management is efficient, financially sound, and customer-responsive.” This secondary goal also has relatively easily measured activities and outcomes, defined through metrics on customer satisfaction surveys. Versions of these two requirements also appeared in the 2002 and 2007 strategic plans. Further, they were echoed in

the Office of Federal Student Aid's (FSA's) annual strategic plan, which is required by law because FSA is designated a 'Performance-Based Organization' (PBO).

These goals, relating to access, program efficiency, and customer service are all accepted as appropriate by FSA, ED, and each presidential administration over the period. As a result of the relative ease of measuring these goals, FSA has gathered data and produced annual performance reports on these measures regularly, and used the results to make changes to the program. This is an example that performance information can be used in the way that a rational/technical model would predict. However, the performance information, according to interviewees, has not been utilized extensively outside of FSA. While some internal efficiencies have been realized through internal utilization, interview respondents said the annual performance reports did not seem to have a major impact on budget decisions or in reauthorization debates. This experience provides some evidence that the ability to measure activities and outputs, which defines a performance based organization, may result in improved implementation of performance efforts and some use of performance information in a rational way, but it also shows that even in a production organization, information will not always be used in this way, whether by program managers or legislative decision makers, for other relevant decisions.

Despite the perception of ED officials that the strategic plans are ignored, there is at least one instance of the Congress using a finding in a performance report to change the program. Specifically, the 1998 reauthorization, in addition to changing the period before a default was reached, contained a provision that was recommended in the Department's annual performance report (ED, 1998). Specifically, the report included metrics on student default rates, which were estimated at approximately 20%. As a result, the plan recommended that the agency get the

authority to eliminate bankruptcy as an option for discharging student loans ‘in order to save government resources and provide for more equitable treatment of borrowers.’” The bankruptcy code was changed in 1998, partially in response to this suggestion, eliminating the ability for students to discharge student loans through bankruptcy. Most of the strategic plan objectives and performance measures produce information related to implementation, which may be they do not, in most cases, get utilized by Congressional decision makers. However, this particular example was geared toward policy adoption, and was even worded as “seek authority,” clearly relating it to Congressional decision makers. This is an example of an instance where when information was targeted to decision makers, it resulted directly in decisions. In contrast, when information was not targeted toward decision makers, it resulted in a perceived gap of utilization, where the information appeared to be ignored.

There was limited ideological and institutional impact on the decision to change the bankruptcy code, but the performance information presented by ED was impacted by the interests of guarantee agencies. Specifically, the guarantee agencies opposed this change, because it would mean a reduced payment from the government in cases of default, since the full cost of the loan did not have to be covered at the time of bankruptcy. However, an estimate of the annual savings of government resources proved to be an important factor to Congress when they passed the law (ED, 1999).

From the earliest draft ED strategic plan, higher education goals included clauses about educational attainment and school quality. In the 1994 draft, these were not linked directly to FSA, but were tied into financial aid programs in the 1998 draft, which changed the original objective’s wording to ensure “postsecondary students receive financial aid and support service they need to enroll in and complete their educational program.” According to one interviewee,

this language of completion was imposed politically through presidential administrations and their political appointees within ED, and there appropriateness has been disputed by FSA ever since. Arguably, neither the activities nor the outcomes are within the direct control of, or measurable by, FSA – making the measurement of performance toward this goal more like a coping organization.

FSA strategic plans still do not include objectives or measures related to completion, despite the language in the department's plan in 1998, 2002 and 2007 plans. Some FSA officials that were interviewed stated that Congressional budget decisions would reflect their own strategic goals, rather than that of the department or the administration. This is further evidence that a one-size-fits-all approach is limited, and that an agency level focus may ignore important issues specific to individuals programs, resulting in increased political conflict. This may serve as a caution for some of the GPRA Modernization reforms described below, including the requirement for a department level performance officer, who would face similar issues if they do not effectively collaborate with the technocratic officials in individual programs like FSA.

The result of the technical conflict over the ability of student aid to have an impact on completions has resulted in a lack of useful performance information related to completions. As a result, useful information on any link between student aid and completion rates is not being created for use in the political dialogue. This shows that technical conflict can result in non-use of information in decision making, and is a good example of how multiple goals from multiple actors may require different information. It also shows that in coping organizations, resistance to performance management may be a result of the difficulty in measuring activities and outcomes, and can derail attempts to focus on some goals.

## The Program Rating Assessment Tool

For the purpose of PART evaluations, FSA was assessed against approximately 20 goals related to the direct loan program. Half of these measures were related to changes in college enrollment rates, while the other half were related to college completion rates. In the former case, both the activity of loan dispersal and the outcome of attendance are relatively easily measured, as expected in a production program. However, in the latter case, the outcome of completion is measurable, but there is no related activity completed by FSA that has a direct impact on completion, as was discussed in the context of GPRA. Furthermore, interview respondents suggested that graduation related measures were imposed externally by OMB examiners, and were resisted by FSA. As a result, information on performance as it relates to access was ultimately utilized, and impacted decisions about the program, whereas information related to completion was not. Another difference between PART and GPRA was that PART contained no measures related to student default rates.

The PART evaluation of the Direct Loan Program found that enrollment rates were improving as the program continued to operate, and identified potential for improved cost efficiency that could enhance this impact. As a result, the program was able to modify its targeting of direct loans by shifting the benefits away from students who had graduated to those currently attending school, through a change in statute. Legislative decision makers largely agreed that PART evaluations had this positive impact, and this agreement is illustrated by a decision to include these changes in the DRA of 2005, which included a provision to increase direct loan limits and discretionary funding for this purpose. The positive impact of the PART evaluation can also be seen through the program's efforts to update the cost model used for forecasting loan costs and future revenues. Both of these changes occurred without significant political and technical conflict, resulting in a limited role of ideology, interests, and institutions



in the decision outcome.

The Direct Loan program's experience with PART shows that access, a specified goal which was not a source of conflict, and for which activities and outcomes were measurable, performance information was produced that proved usable. Further, this information was applied technically to make changes to aspect of the program so that costs could be reduced and the program targeting could be enhanced. In contrast, completion related goals were contested, and as a result the measurement of those goals was not utilized in future decision making. Instead, discussions of college quality would enter a political debate in the 2008 reauthorization of HEA, in which the political dialogue contained many contradictory sources of information, and where questions of completion ultimately would not be resolved. The difference between these two goals shows that the ability to measure activities and outputs relatively easily, which defines a performance organization, can result in improved implementation of performance efforts. It also shows that political and technical consensus tended toward rational use of information for direct loans, whereas conflict resulted in a search for other information in the political dialogue.

### GPRM Modernization

The department released its first strategic plan under the GPRM Modernization Act (GPRMA) in January 2012. ED was one of the last agencies to release a strategic plan under GPRMA. One official in ED attributed this to "lack of strategy regarding participation" early on, conflict between OMB and FSA over completion-related goals, and changing imperatives related to the administration setting new higher education goals during the process, and causing the plan to need last minute revision. Surprisingly, the draft ED strategic plan for 2011 under the GPRM Modernization Act has a goal related to access, but no individual objectives within that goal address access. Instead, all 4 objectives within that goal relate to completion, while the 2011

FSA strategic plan has no objectives related to completion, due to the program's opposition to such measures. The lack of these measures, as one interviewee put it, was because "There is nothing FSA does that can move the needle measuring completion," and represents a continued challenge of using technical information when a political conflict over specified goals persists. There have yet to be any performance reports under the GPRAMA strategic plan, so it's too early to tell if it will have an impact on decisions.

### Summary of The Case

This chapter has presented the legislative history of HEA, and has used the four-I framework to explore the utilization of information from the law's passage in 1965 to the present day. In this exploration, the relative importance of ideology, interests, institutions, and information have been highlighted through all 7 era of HEA's legislative history. The chapter also examined the role of three recent performance management efforts on the planning and decision making for FSA student loan programs.

Throughout the chapter, a main theme that arose was the use of information in the context of implementation conforming to the expectations of rational/technical models of decision making, resulting in changes to program formulas, interest rates, and targeting. The chapter has also shown that political factors were also important at several points throughout HEA's history, even dominating against clear technical consensus in the case of direct loan programs. The supports this study's first hypothesis, that political conflict will lead to a decreased conformance with rational/technical expectations.

The legislative history of the student loan programs, along with the related efforts to complete strategic plans in line with GPRA and GPRAMA, and their evaluations in the PART program, generally support the expectations laid out at the beginning of the chapter. FSA

successfully worked to create the initial and interim strategic plans for GPRA, including a draft for the most recent plan, in line with GPRAMA. To the extent that non-conflictual goals were included in this plan, it resulted in successful production of performance information. However, the utilization of this information appears mostly limited to use within FSA. Further, the PART evaluation of the student loan programs each had clearly stated goals, along with measures of activities and outcomes. In the case of the direct loan program, the finding of the PART evaluation was even worked into the following reauthorization of HEA. The second research hypothesis, which states that the relative ease of measuring process and outcomes in a production organization will result in low technical conflict and an increased use of information in ways that conform to rational/technical expectations, is supported by evidence of success of performance efforts for the student loan programs.

Generally, decisions to expand student aid experienced low levels of political conflict, though the decisions were driven by different issues, including some related to interests, some related to institutions, and others related to information. When information was a part of the political dialogue, there were almost never multiple sources of information that conflicted with each other. However, there is also evidence that the direct loan program does not fit perfectly into the expected model. In some cases, secondary goals, such as completion rates, did not influence the political dialogue. While the technical feasibility of this goal continues to be debated in the development of strategic plans, and because of the technical conflict regarding the ability of the loan programs to impact college completion, measures for that outcome are being resisted by internal stakeholders.

In summary, the evidence presented in this chapter provides supportive evidence for the first two research hypotheses. FSA student loan programs consistently experienced low technical

conflict from their initial passage in 1965 until the present day, which often resulted in decisions that was directly guided by information. The chapter also showed that technical conflict did not always dominate political conflict, and that political factors, particularly interests, played a large role in several decisions, even some which ignored information for which there was technical consensus. The next chapter will examine Title I programs under the Elementary and Secondary Education Act during the same period, which will be compared to this case in chapter 7.

## CHAPTER 6

### TITLE I GRANTS TO STATES AND LOCAL EDUCATION AGENCIES: MAJOR DECISIONS AND PERFORMANCE EFFORTS IN A COPING ORGANIZATION

This case study will present the Elementary and Secondary Education Act's (ESEA), with a focus on grants to states and local education agencies (LEAs) established under Title I of the act. As described in chapter 4, this case study will be split into five parts: (1) the history and passage of HEA and an explanation of its Titles, (2) a description of major legislative program changes, (3) an examination of those changes, divided into major eras of the program, (4) an exploration of the impact of performance efforts on the program, and (5) a summary of the case and comparison to the hypotheses presented in Chapter 4.

Initially, the primary goal of Title I grants was to ensure equal educational opportunity for disadvantaged students. The program has evolved over time, and its primary goal is now to support the educational attainment of all students, with a focus on closing the achievement gaps faced by disadvantaged students. Neither of these goals have easily measured outcomes, nor do they have processes that are clearly defined or easily measured, so Title I can be considered a coping type under Wilson's typology of bureaucratic organizations (1989). Evidence to support the three hypotheses in the previous chapter would include evidence of high levels of political and technical conflict, utilization of information in a way that fails to impact the outcomes of decisions, and a competition between sources of information that are utilized in the decision making process. These forms of supporting evidence, along with any contradictory evidence, will be highlighted throughout the chapter

#### The Road to and Passage of ESEA: 1947-1965

The Elementary and Secondary Education Act (ESEA), originally enacted in 1965, provides federal funds to states and LEAs with a goal of ensuring that free public education is

available to all children in the United States. From the passage of the law, through repeated reauthorizations and amendments, and continuing through the present, ESEA has established and revised a multitude of goals, some of which are in conflict with one another. As one interviewee said “with ESEA, our problem is that adequate public education is an ill-defined outcome, and we cannot tell which activities will create that outcome.” This is consistent with a coping organization, in which neither the activities nor the outcomes can be easily measured (Wilson, 1989).

As discussed in the examination of early U.S. education policy in Chapter 1, the federal role in education policy before 1947 was largely limited to grants of land, through the Land Ordinances of 1775 and 1850, parts of which were reserved for building of schools. The role of states was similarly limited, and local education districts were the primary players in education policy (Kaestle, 1983). Local education was also subsidized through indirect support in legislation related to demographic shifts, such as the Homestead Act of 1862. While the Truman Commission Report, as discussed in chapters 1 and 5, recommended sweeping changes to the federal role in higher education, it also signaled a federal interest in elementary and secondary education that was important for the development of ESEA. The need to expand support for education issues also became more important in the 1950’s, especially as demographic forces greatly expanded the number of students entering public schools. The first baby boomers entered elementary school in the early 50’s, and greatly expanded (See table 6-1) the need for schools, teachers, and resources.

Table 6-1: Increased number of students resulting from the Baby Boom

<b>Trend and year</b>	<b>Number of students (in millions)</b>
<b>1949–50 school year</b>	28.5
<b>Fall 1959</b>	40.9
<b>Fall 1969</b>	51.1
<b>Fall 1971 (peak)</b>	51.3
SOURCE: U.S. Department of Education, National Center for Education Statistics, <i>Biennial Survey of Education in the United States</i> , 1949–50; <i>Statistics of Public Elementary and Secondary School Systems</i> , 1959 through 1972	

This demand for increased national support for and financing of education was met with continual apprehension, and a desire to maintain the diffuse local educational control that had persisted for nearly 200 years across the country. This tension between local control and national involvement is a continuing source of ideological conflict in education policy, and is not just related to the initial decision by the federal government to take an active role.

Meanwhile, some of the same pressures that led to expansion of the federal role in higher education were also impacting consideration of policies for elementary and secondary education. Specifically, the launch of Sputnik and the Cold War were driving a greater national desire to expand access to education, and increasing federal revenues were increasingly being seen as a way to assist states and local government entities, who were experiencing budget contractions. Further, because investments in schools were reduced during the war, most public schools were in need of repair, and there were great disparities in the quality of schools across districts, which further heightened the need to quickly increase investments.

In addition to these demographic shifts, social and behavioral sciences were making technical advances in the ability to evaluate and understand the interrelationships in the educational system, which led to a better understanding of the links between education and the

economy and with the values of American society (Clark, 1963, Shultz, 1963, and Gardner Commission, 1964). This increased understanding also led to early studies identifying various failings of the educational system (See Conant, 1959, 1961, and 1963, Clark, 1963, and Gardner, 1961). These findings increased pressure for education policy, but were not enough to spur federal intervention in elementary and secondary education (See table 6-2, below). Instead, the passage of ESEA wouldn't occur until after shifts in national attitude in three other areas: 1) competition with the Soviet Union, 2) segregation and poverty, and 3) the relationship between the federal government and parochial, particularly Catholic, schools.<sup>15</sup>

The major attempts at education bills before ESEA all faced some resistance related to the issues of segregation and poverty. The New Deal had created a policy of impact aid to be provided to school districts that were adversely impacted by the presence of government institutions, usually military bases. This funding was based on a formula where, when school districts could show that they would make up to 3% more revenue through property taxes in the absence of the installation, the federal government would compensate them for the difference. This formula would be a critical component of the eventual watershed moment in elementary and secondary education policy.

During the 1940s and 1950s, most attempts at education reform were met with resistance from one or more of the three Rs, as they were colloquially known: Race, Religion, and Reds (Bailey and Mosher, 1968). The resistance to race was best illustrated by the Powell Amendment, a standard amendment offered to most bills by Representative Powell (D-NY) which required that federal funds be denied to any jurisdiction that maintained segregation which. For religion, the primary debate was over whether parochial schools could receive funds

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<sup>15</sup> This chapter draws extensively on the work of Bailey and Mosher (1968), which provides a comprehensive history of ESEA's passage and early implementation.



if those funds were earmarked for non-religious purposes. Finally, for “Reds”, it was the fear that federal intervention in education policy would amount to a socialist or communist intrusion on American society.

Education bills under Eisenhower largely failed because of his opposition to all education spending related to the issue of “reds”, President Kennedy’s first attempts at a bill in 1961 and 1962 would fail primarily because of religion, and bills sponsored by Senator Perkins (D-KY) and Senator Morse (D-OR) in 1964 failed under the Johnson administration primarily because of race-related issues (Bailey and Mosher, 1968).

#### From Brown v. Board to the Civil Rights Act of 1964

Plessey v. Ferguson (1896) affirmed states’ rights to educate African-American students in facilities that were ‘separate but equal’ from those used by Caucasians, and was the backbone of the segregation that continued into the 1950s. Other Supreme Court rulings in the area of higher education, like Sweatt v. Painter (1950), which was described in chapter 5, were the first to chip away at the doctrine of separate but equal. They did so by establishing the precedent for the Supreme Court to order institutions to accept black students if these students could show that separate facilities were not actually equal. Sweatt v. Painter, of course, was one of the precedents cited in the Brown v. Board of Education (1954) ruling, which overturned Plessey v. Ferguson and marked the beginning of the end of segregation in elementary and secondary schools. Brown v. Board also represents one of the earliest expansions of the federal role in education policy, which ‘initiated a new era of federal activism in education and laid the foundation of a policy regime that was to last for approximately thirty years’ (McGuinn, 2006 p.25). The second Brown ruling (1955) further expanded the federal role by requiring states to make a “prompt and

reasonable start toward full integration.” In response, 101 southern members of Congress signed the ‘Southern Manifesto’ and engaged in “massive resistance” to integration (McGuinn, 2006).

Miles (1974) credits the Brown decisions for the beginnings of the Civil Rights movement, stating that “Although it had a slow fuse, it touched off the Civil Rights movement in the United States” (p.244). One consequence of the resulting fight over segregation was the migration of African Americans to northern areas and schools, which made the lack of education for those children more visible, as did issues of poverty. Many African-Americans ended up on welfare rolls and living in slums, and increases in production after World War II only accentuated this inequality, as income disparities continued to grow between white beneficiaries of the increased production and systematically disadvantaged African Americans. It was during this period that the coalition of disparate civil rights groups, which would eventually help to champion the Civil Rights Act of 1964, began to coalesce (Radin, 1977). The correlation between race, poverty, and low educational attainment became increasingly clear. In response to issues of poverty, many of the nation’s largest cities formed a “Great Cities Program for School Improvement” to better understand the needs of poor and African-American students (Bailey and Mosher, 1968). This and other experimental efforts provided a proving ground for attempts to better serve disadvantaged students, and the interlinking of poverty and race was the basis for race-related provisions in education bills in the early 60s, which sought to expand upon state and local efforts.

In 1961 and 1962, Kennedy’s proposed bills included a set of experimental programs, which had an emphasis on the “educationally disadvantaged,” a provision for development of curriculums related to disadvantaged pupils, and a requirement for coordination between private and non-profit agencies to plan schools systems such that the educationally disadvantaged would

be better served (Bailey and Mosher, 1968). Although both bills failed due to opposition from parochial schools, the ongoing civil rights movement continued to put pressure on the federal government to take action, spurred by events like the protests in Birmingham, Alabama, where televised attacks of protestors by police dogs spurred a public outcry, and further strengthened the coalition of civil rights groups (Miles, 1974). The assassination of President Kennedy in 1963 increase feelings of American guilt even further (Radin, 1977). The bill sponsored by Senators Perkins and Morse continued the attempts to address the needs of civil rights groups in 1964, only indirectly, by attempting to incorporate the impact aid formula into the funding of education, based on income levels. This formula was modified to include poverty, welfare, and employment in another bill proposed by Senator Morse in 1965.

Although all these bills failed, the impact aid formula would ultimately be the basis for federal funding of ESEA Title I, supported strongly in 1965 by the Commissioner of Education, Francis Keppel. One major factor impacting the passage of ESEA in 1965 was that, unlike all of these previous bills, the need for a Powell Amendment had been eliminated because Title VI of the Civil Rights Act (CRA) of 1964 (Public Law 88-352) codified its requirements and applied them to all federal funding (Miles, 1974). The CRA also authorized the Commissioner of Education to arrange for support for institutions of higher education and school districts to provide in-service programs for assisting instructional staff in dealing with problems caused by desegregation, removing the need to include such a provision in ESEA. The CRA law was supported by a diverse group of interests, consisting of nearly 80 organizations representing a variety of racial, economic, and religious positions. This coalition would begin to break apart, revealing differences in interests, after the passage of the Civil Rights Act of 1964 (Radin, 1977).

Table 6-2 Information Relevant to ESEA Passage, 1965

Issue	Message	Political Context	Technical Context	Source	Information Type	Information Function	Utilization	Explanation of Decision
Ensure equal opportunity for disadvantaged students	American Schools are 'failing' poor students	High conflict	high conflict	Academia	Outcome Assessment	Warning about unequal outcomes for disadvantaged students	implicit political	Identified problems used to support need for action, but action not targeted explicitly to any specific information
Support federal role in elementary and secondary education	Federal government needs to intervene in the nation's education to alleviate the impacts of poverty	Low conflict	high conflict	Gardner Report	Values Inquiry	Guidance for statutory language and Support for preexisting position for Democrats	explicit political	The commission report suggests many of the exact terms that ended up in the legislation. However, it is clear that Johnson's priorities drove the content of the report, and not the other way around

### Separation of Church and State, and Private Parochial Schools

Dichotomous language in the U.S. Constitution – that 1) “Congress shall make no law respecting an establishment of religion” or 2) “prohibiting the free exercise thereof” – has been one of the major sources of ideological conflict in the area of public education. As chapter 1 showed, the early history of elementary and secondary education began with parochial schools, which served as the primary common schools during the early years of the nation. The first part of the Constitutional language can be interpreted to mean that the government cannot provide support, in any form, to religious institutions, including parochial schools, while the second can be interpreted to justify federal support of education, regardless of whether it occurs in a public or parochial school (Bailey and Mosher, 1968). The importance of this distinction before the Second World War was limited, as the church generally had resources to run their schools, but inflation and a shortage of teaching staff made this difficult, and the parochial schools began seeking public funds for non-religious activities, such as school health and transportation. Because some state constitutions prohibited all direct as well as indirect aid to parochial schools, claims for federal support were of great importance to parochial schools.

In 1947, the Supreme Court ruled, in *Everson v. Board of Education*, that the federal government could finance non-religious activities provided by religious institutions under the

free exercise clause. However, in 1948 and 1952, the Court ruled in *McCullum v. Board of Education* and *Zorach v. Clauson*, under the establishment clause, that public schools could not provide religious instruction<sup>16</sup>.

In President Kennedy's 1961 and 1962 proposed bills, federal aid was prohibited from going to religious institutions. The National Catholic Welfare Conference (NCWC) successfully lobbied to prevent those bills from being enacted, obviating a need for a compromise to be made between the National Education Association (NEA), who opposed funding religious institutions because their teachers were not a part of the union and NCWC, who had proven that they were powerful enough to stop bills that omitted funding for parochial schools for non-religious purposes.

ESEA ultimately passed in 1965, on the heels of the Civil Rights Act of 1964, incorporating the impact aid formula to address issues of race and poverty and allowing funds for parochial schools for non-religious purposes. While the coalition of civil rights groups had managed to pull together, through the Leadership Conference on Civil Rights, a disparate group of members with conflicting opinions, in order to pass the CRA, this coalition would be difficult to maintain in the process of passing ESEA (Radin, 1977). As a result, the use of the impact aid formula was a necessary tool to address the needs of disadvantaged students, and indirectly serve the interests of civil rights groups, because framing the funds as an issue of race would have led to increased political conflict that could have prevented the law from passing (Bailey and Mosher, 1968). Further, while section 605 of the Act established a general prohibition against payments for religious instructions, various aspects of the law included direct and indirect

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<sup>16</sup> This balance between the two clauses has continued to be a source of conflict in elementary and secondary education, even today, as evidenced by a March 27, 2012 Supreme Court decision which upheld a district court's two rulings: first, that religious banners could not be displayed by teachers in public schools (*Johnson v. Poway Unified School District*), and second, that religious texts could not be used as instructional materials (*Nampa Classical Academy vs. Gosling*).

distribution of funds to parochial schools and their students. In addition, the bill attempted to address ideological concerns of federal encroachment by declaring that ‘no federal official could exercise supervision over the curriculum, administration, or personnel of any institution or school system or over the selection of any instructional materials.

ESEA contained a myriad of provisions and goals related to improving education, which attempted to address the concerns of a myriad of state interest, teachers’ unions, civil rights groups, and religious interests. Since then, the multiple goals in the original bill have multiplied as the act has been amended and expanded for nearly 50 years. The original Titles of ESEA, discussed below, show the various political logrolling activities that were required to pass the bill.

#### The Titles of ESEA<sup>17</sup>

ESEA established the federal government’s role in elementary and secondary education by establishing a goal of free appropriate public education for all children. With great effort, Titles I through V of ESEA were passed within 89 days of Johnson’s reelection, and unlike the Higher Education Act (HEA), ESEA was highly visible and accompanied by great fanfare when signed into law. While this chapter will focus mainly on Title I (Grants to States and LEAs) of ESEA, this section will describe major aspects of Title I and all the other titles of the law.

Title I, known as “Better Schooling for Educationally Deprived Children,” was and still is the largest single federal source of funding for elementary and secondary education, comprising over 80% of the authorized funds from ESEA. Funding is allocated through school districts based on a formula that uses the percentage of low-income children multiplied by the ‘Federal percentage’ of state averages for per pupil expenditures. Congress established the qualifications for ‘low-income’ and the ‘federal percentage.’ Any district with at least 3 percent

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<sup>17</sup> This section borrows from Bailey and Mosher, 1968

eligible children were originally eligible for Title I grants, and the formula relied on Census data to determine eligibility, removing the need for means testing by school officials. This formula was strategically important, as it resulted in funds being distributed in the largest amounts to urban areas and rural areas, reviving the Roosevelt coalition of northern cities and rural south. Although funding was distributed based on district demographics and not controlled by the States, the States were still given broad discretion to approve proposals from the districts before funds could be dispersed. However, this broad discretion was embedded in a poorly defined goal of ensuring that ‘size, scope, and quality’ of the proposals were ‘appropriate,’ as defined by the judgment of State Education Agencies (SEAs). In addition, Title I requires an evaluation, at least annually, by districts to ensure that the programs effectively meet the needs of educationally deprived children. Title I struck a balance on the parochial school issue by requiring local public schools to include children enrolled in private and parochial schools in their programs. In addition to representing an expanded federal role in education policy, the use of states to approve and distribute funds inadvertently resulted in an increase of their role, which was also traditionally limited in comparison to the strong control of education by local education agencies.

Titles II through V were included in ESEA because Title I did not satisfy all of President Johnson’s policy objectives, but also because various interest groups would oppose the act if their own interests were not met. President Johnson engaged in client politics to win over these interests through provisions in the other titles. Title II provides grants for “the acquisition of school library resources, textbooks, and other printed and published materials for the use of children and teachers in public and private elementary and secondary schools”. This title was funded \$100 million over 5 years in grants to states. In cases where States has specifically prohibited distributing funds to private schools, the Commissioner of Education was given the

authority to use State funds to make materials of the same kind provided to public schools in the state to private schools. Although Title I served private school interests by requiring action from public schools, Title II ensured that parochial schools would become direct recipients of federal aid. The Office of Education (OE) stated that this did not violate the establishment clause, but that statement was initially challenged by the Council of Chief State School Officers (CCSSO), the American Civil Liberties Union (ACLU), and other interest groups, who believed that this clause was an inappropriate expansion of Federal power over the states. This growing disagreement reflects the growing tension between African-American and religious interest groups that had worked together to support the Civil Rights Act of 1964 (Radin, 1977). Ultimately, the strength of support from NCWC, among others, as well as the inclusion of benefits for civil rights groups, tempered this initial opposition.

Title III, “Supplemental Educational Centers and Services,” was the ultimate realization of President Kennedy’s proposals for experimental programs, and was also funded \$100 million over 5 years. This Title was framed primarily as a response to the literature on failing schools, with a goal of discovering ways to improve educational outcomes. Like Title I, Title III required Local Education Agencies (LEAs) to provide services to private school students, in addition to those enrolled in their own schools. These legislative attempts to develop more information have been a hallmark of all ESEA legislation, highlighting the endogenous relationship between information and policy.

Title IV provided federal funds for educational research and training, to various research organizations, for the development of educational research. Again, Title IV initially funded \$100 million over 5 years in grants for research projects. This Title provided another early acknowledgement of the desire for information pertinent to education decisions to be available



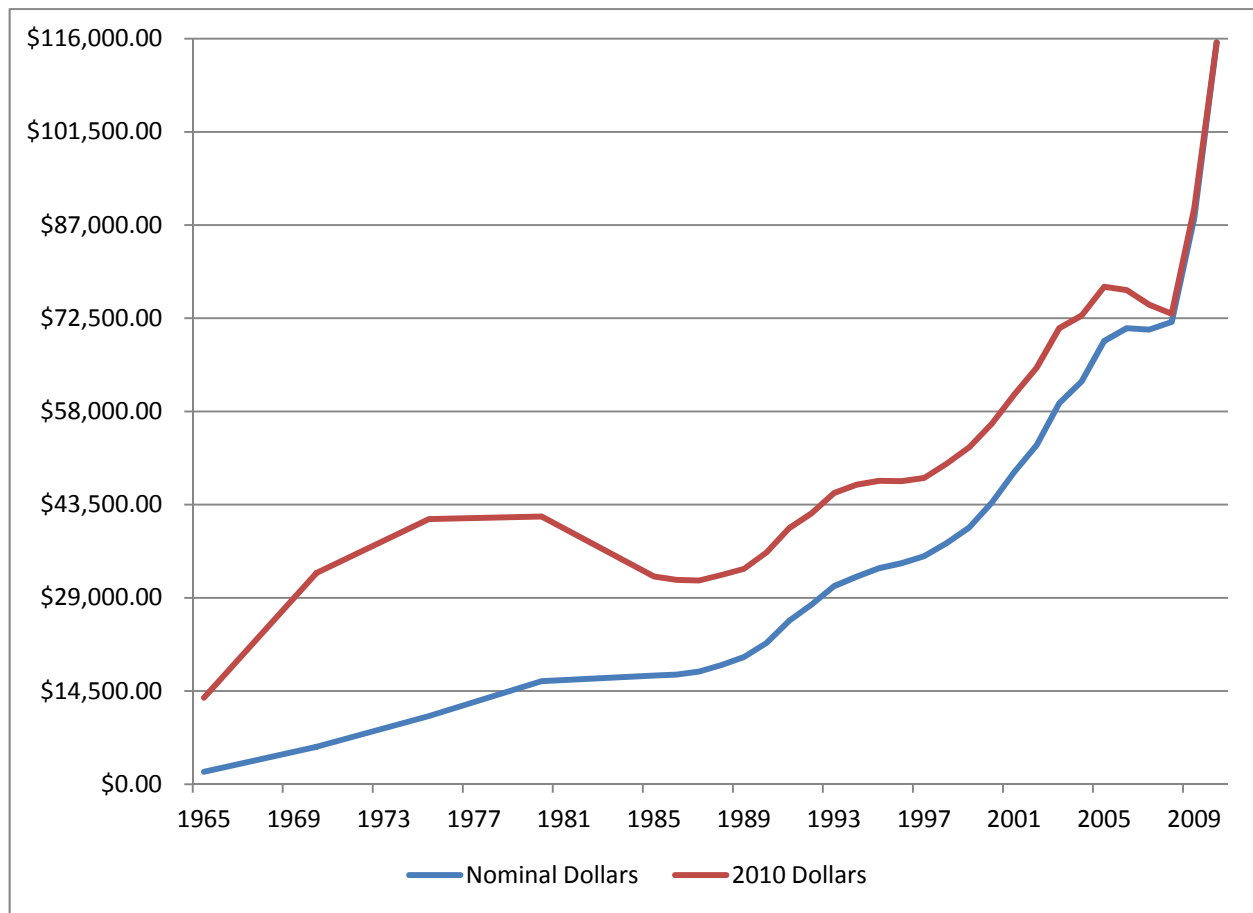
and utilized in decision making. The states, however, were wary of this provision, as it further diluted their ability to control education policy and expanded federal influence. Despite this, the linkage of Title III and IV in a single bill created support that overcame this resistance.

Furthermore, Title V, which provided funds (\$25 million in the first year) to states to “strengthen their leadership resources” and assist them in establishing and improving “programs to identify and meet the educational needs of states,” provided a benefit to States that further tempered their opposition to other parts of the bill. Commissioner Keppel had proposed this title in order to garner additional support from the states. Title VI included general provisions, including the provisions limiting federal authority and prohibiting funds for religious instruction discussed in the previous section

In the years after ESEA’s passage, titles have been added and moved. In the year after passage, a new Title VI was added, providing aid for handicapped children, and the original Title VI became Title VII. In 1967, a new Title VII was added, providing aid for bilingual education programs, and pushing the general provision section to Title VIII. In 2001, Title VII was incorporated into Title III.

In 1964, the year before ESEA, the federal government spent \$0.6 Billion (Census. 1966) on elementary and secondary education. This number jumped to \$2 billion in 1966 (NCES, 2010), the first full year of ESEA implementation, and increased to \$5.8 billion by 1970. It continued to grow quickly through 1980, where it reached \$16.0 billion. Since then, consistent growth has increased federal spending to \$115.4 billion in 2010. Figure 6-1 presents these nominal values, as well as values adjusted for inflation to 2010 dollars.

Figure 6-1 Federal Spending on Elementary and Secondary Education, 1965-2010<sup>18</sup>



ESEA represented an ideological victory for the belief that the national government should be involved in elementary and secondary education. Even among those who voted in favor of ESEA, there was a sense that the limitations of the law – including imperfect targeting, ambiguous implementation requirements, and a precarious balance of education interests – were not sufficient to dislodge the need for national intervention to help disadvantaged students (Eidenberg and Morey, 1969). Information relevant to the passage of ESEA mainly demonstrated the need for some intervention in schools to help disadvantaged students, rather than specific prescriptions about how to intervene. This information, however, was primarily cited to support preexisting opinions of those using it. The other three I's all played a less significant role to the

<sup>18</sup> The jump in spending in 2010 is due to funding from the American Recovery and Reinvestment Act of 2010

passage of ESEA. First, unified Democratic control of the government with supermajorities in both houses, and Johnson's election on the Great Society platform represented both the strength of the Democratic ideologies that had historically supported federal involvement, as well as an institutional alignment of the branches of government that eased passage of the major reform. Furthermore, Senator Morse's usage of the impact aid formula as the basis for distributing aid used an institutionally established practice to implement a new program, and compromises with state, educational, civil rights, and parochial interests cemented the deal. Examining these factors through the consideration of the four elements of Salomon's tools of government, as described in chapter 2, can help to further understand Title I's program design.

The first element is the level of coercion, which "measures the extent to which a tool restricts individual or group behavior as opposed to merely encouraging or discouraging it (p.25)." In this sense, coercion is related to ideology, as it relates to the scope of the federal government, and to institutions, as it relates to the structures that need to be in place in order for coercion to be carried out. ESEA represents some compromises related to the level of coercion from the federal government. On its face, ESEA represent a drastic expansion of the federal role in education, but this expansion was tempered in many ways, including the outright restriction of the federal government's power to impact curriculums. As we will see throughout this chapter, the level of coercion associated with Title I has been a critical source of conflict in many major decisions about the law since its passage in 1965

The second dimension is directness, which "measures the extent to which the entity authorizing, financing, or inaugurating a public activity is involved in carrying it out (p.29)." This is also a scope of government issue related to Weiss' ideology factor of decision making. ESEA limits directness in two ways. First, by utilizing the impact aid formula for distributing

aid, the federal government appears to have a less decisive role in the amount of money that goes to individual districts. Second, by delegating authority to the states for approving programs and projects that receive Title I funds, the federal government avoids need for direct interaction with the districts, schools, and students.

The third dimension is called automaticity, which “measures the extent to which a tool utilizes an existing administrative structure to produce its effect rather than having to create its own special administrative apparatus (p.32).” Automaticity is primarily an issue of institutions, related to the organizational capacity in place to implement a program, but it also reflects interests to the extent that there is value in serving as the administrative structure for implementation. Title I has a medium level of automaticity. Minimal work was needed in order to distribute funds throughout the system, the formula for aid existed prior to ESEA’s passage, and the schools that directly deliver services were already in place. However, the structure for submitting and approving Title I projects had to be created from scratch, as did the structure required to develop and implement plans and evaluations.

The last dimension is visibility, which “measures the extent to which the resources devoted to a tool show up in normal government budgeting and policy review processes (p.35).” This is related to interests, as increased visibility is associated with a greater likelihood of organized interests. Title I is a high visibility program, as evidenced by the regular involvement of the core policy interests of teachers unions, administrators, state officials, parochial schools, and non-profits related to education, as well as high participation of seemingly unrelated groups, including the manufacturing industry, farmers, and groups representing various categories of existing or potential ‘disadvantaged’ student groups.

## Major Legislative Changes to ESEA

President Johnson wrote that the passage of ESEA was one of his greatest accomplishments. Its passage in 1965 showed the impact of the integration of schools and the Civil Rights Act, and a beginning of Johnson's 'War on Poverty.' However, it has been and continues to be a divisive program, replete with multiple and conflicting goals, and continuously challenged, amended, and expanded throughout the nearly 50 years since it was passed. In fact, almost immediately after the bill was passed, Congress took up a new debate over whether the benefits of Title I should be targeted to the poor, or targeted to all children at risk for school failure (Stein, 2004). The following sections will describe this ongoing debate and the major changes to the law over this period.

### Early Amendments<sup>19</sup>

Signed on April 11, 1965, ESEA had already been amended three times by January 2, 1968. These amendments came in quick succession, as implementation challenges obviated the need for tweaks to the program. For Title I these amendments impacted funding formulas, the definition of low-income, LEA eligibility criteria, and grant limits. In the original law, the funding formula included low-income students, defined as those whose families earned less than \$2,000, as measured by the decennial Census, and provided funds to counties and LEAs with 100 low-income students or with 3% or greater proportion of low-income students, and limited funding to 50% of the state average per student expenditure, and further limited to 30% of the total state education budget. Public Law 89-313 (1965) added an additional calculation to provide additional funds to students with disabilities. Public Law 89-750 (1966) raised the definition of low-income to families earning less than \$3,000 annually, changed the data source from the decennial census to the previous year's estimate, added funds for children in foster

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<sup>19</sup> The section on Early Amendments summarizes Finch, 1969.

homes and juvenile institutions, changed eligibility to counties with 10 students in any category, and changed state limits to 50% of the national average, for states where the national average was higher than the state average. Additionally, the amendment increased funding limits from 30% of the state total education budget to 50% of the total education budget. Public Law 90-247 (1967) eliminated the requirement for a specific data source for the calculation of numbers of low-income children all together, and states began to use caseload data for the month of January in the previous fiscal year instead. This law further stipulated that the \$3,000 income limit enacted in 1966 could not be used until the appropriations for Title I were sufficient to provide maximum benefits at the \$2,000 level. Public Law 90-247 also added a calculation to the formula for additional funds for migratory children.

Table 6-3 Information Relevant to ESEA Amendments, 1965-1968

Issue	Message	Political Context	Technical Context	Source	Information Type	Information Function	Utilization	Explanation of Decision
Ensure equal opportunity for disadvantaged students	Outdated area income information	low conflict	high conflict	Decennial Census	implementation assessment	Warning that targeting may be imperfect	explicit technical	legislation required a report on alternative data sources
Determine if Title I is helping disadvantaged students	no information available about effectiveness	low conflict	high conflict	Office of Education	output monitoring	Guidance that more information was needed	explicit technical	legislation required a report on 'most promising' Compensatory Education programs

Early amendments also made changes above and beyond tweaks to funding formulas. For example, Public Law 89-313 changed the limits on the proportion of Title I funds that could be used for State Administration from 1% of outlays to 1% of allocations. Public Law 89-750 added a provision for training of teachers and aides. Public Law 90-247 also required two reports from Office of Education (OE): 1) an analysis of alternative data sources than the census for determining the number of low-income children and 2) a report on the ‘most promising’ compensatory education programs.

## 1970 Amendments

Public Law 91-230 authorized comprehensive planning and evaluation grants to state education agencies (SEAs) and local education agencies (LEAs) and provided for the establishment of a National Commission on School Finance, which was tasked to monitor a newly established requirement that SEAs and LEAs use Title I funds to “supplement, not supplant” their own funding for education. Ultimately, the funds for local evaluations would result in very limited production of local evaluations, and would result in continued calls for evaluation at the federal level. This provision was added in response to findings from OE that SEAs and LEAs had been restricting their own funding and using Title I funds to make up the difference. The added requirements of state oversight continued the growth in state oversight of education that started with ESEA’s passage.

Table 6-4 Information Relevant to ESEA Amendments, 1970

Issue	Message	Political Context	Technical Context	Source	Information Type	Information Function	Utilization	Explanation of Decision
Ensure that Federal funds are supplementing, rather than replacing, state funds	States are supplanting funds	Low Conflict	Low Conflict	Office of Education	Implementation Assessment	Warning that states were using federal money to supplant their own	Explicit Technical	requirement to 'sumplement, not supplant' added to ESEA

## 1974 Amendments

Public Law 93-380 established the National Center for Education Statistics (NCES). It requires the Commissioner of Education to provide "such technical and other assistance as may be necessary to State educational agencies to enable them to assist local educational agencies in the development and application of a systematic evaluation of programs in accordance with the models developed by the Commissioner.” This provision was added to the amendments after a series of congressional hearings in which none of the parties testifying could speak to the actual impact of Title I. This added focus on the role of states represented the continuing unintended impact of ESEA, in which a result of national involvement was a growing role for states.

Whereas education had been primarily a local issue prior to 1965, the state role, in terms of approving projects, distributing funds, and reviewing evaluations, has grown along with the federal role.

Table 6-5 Information Relevant to ESEA Amendments, 1974

Issue	Message	Political Context	Technical Context	Source	Information Type	Information Function	Utilization	Explanation of Decision
Determine if Title I is helping disadvantaged students	no information available about effectiveness	low conflict	high conflict	Office of Education	outcome assessment	Warning that there was not an understanding of the impact of Title I	Explicit technical	legislation required systematic evaluation of Compensatory Education programs
Determine if Title I is helping disadvantaged students	We don't know the impact of CE programs	low conflict	high conflict	Testimony	outcome assessment	Warning that there was not an understanding of the impact of Title I	Explicit technical	legislation required systematic evaluation of Compensatory Education programs

### 1977 Amendments

The election of Jimmy Carter and Democratic majorities in both houses of Congress led to substantial expansions to ESEA in 1977. Public Law 95-112 authorized use of enrollment data for counting low-income students. It also added additional funds if more than 5,000 students or 20% of students were low income. A common practice for students receiving Title I services was to pull them out of the classroom in order to provide them Title I instruction. This was an unintended impact of the program, in which these disadvantaged children were falling even farther behind as a result of missing their primary instruction. In response to the extensive criticism of pull-outs on the grounds that they were detracting from the instruction occurring in classrooms, another option for providing assistance to students was introduced, the school-wide approach. Schools in which the proportion of low-income students was 75% or more of the student body could use Title I funds for the entire school's improvement rather than for specific individuals. Despite this amendment, local fund requirements prevented all eligible students from using the school wide approach.

This new provision effectively split Title I into two types of programs at the school level: school-wide programs and targeted-assistance programs. In school-wide programs, Title I money



is used to support the entire school, rather than to target services to specific identified children. To qualify as a Title I school-wide program, at least 75 percent of the students had to be considered low-income [This requirement has since been changed to 50%]. In contrast, Title I money in targeted-assistance programs may only be used to provide services to eligible children identified as having the greatest need for special assistance, as defined in the related poverty formula.

Public Law 95-561 established a comprehensive basic skills program aimed at improving student achievement, required 1/3 of LEAs to submit an evaluation each year, and required annual needs assessments. Evaluation was a critical issue in Public Law 95-561, based upon Congressionally Mandated evaluations conducted by Paul Hill at the National Institute of Education (NIE), on compensatory education, which identified the importance of multiple goals in evaluations of education programs. As well as recommendations made in a General Accounting Office (GAO) review of OE's annual evaluation report in 1975, which identified several potential improvements of the evaluation process, including timeliness of reports. These two studies both examined the complexity of Title I and acknowledge multiple and conflicting goals of the program, but presented tradeoffs objectively for consideration by decision makers.

Table 6-6 Information Relevant to ESEA Amendments. 1977

Issue	Message	Political Context	Technical Context	Source	Information Type	Information Function	Utilization	Explanation of Decision
Unclear what types of programs and strategies are 'effective'	There are a variety of programs that can serve disadvantaged students throughout their education	high conflict	high conflict	Evaluating Compensatory Education (Paul Hill)	Implementation Assessment	Guidance to consider multiple goals and approaches for Title I programs	Explicit Political	Multiple programs considered: counseling, college prep, school-to-work, etc.
Title I instruction may have negative unintended consequences	pull-outs are reducing time for Title I student in their normal classes, which has an adverse impact on their progress	Low conflict	low conflict	Evaluating Compensatory Education (Paul Hill)	outcome assessment	Guidance to consider ways to utilize Title I funds without pullouts	Explicit Political	creation of school-wide programs
Need to determine if Title I is helping disadvantaged students	There remains a lack of information on the participation in and impact of Title I	Low conflict	High conflict	Evaluating Compensatory Education (Paul Hill)	output monitoring	Guidance that more information was needed	Explicit Technical	additional evaluation requirements added
Need to determine if Title I is helping disadvantaged students	Hill report is a start, but more information is needed to understand Title I	Low conflict	High conflict	GAO review of Hill Report	output monitoring	Guidance that more information was needed	Explicit Technical	additional evaluation requirements added

Although not directly tied to ESEA, the Carter administration's push for and creation of the Department of Education (ED) in 1979 also contributed to the evolution of the federal role in elementary and secondary education (Radin, 1988). The creation of ED can be seen as a symbolic expression of the permanent nature of the federal government's intervention into education policy, but it also represented the institutionalization of many of the federal programs and policies that were authorized through HEA, ESEA, and other education statutes (McGuinn, 2006).

#### 1981 Amendments<sup>20</sup>

Running on a platform of deregulation by the federal government and the elimination of ED, Ronald Reagan successfully ran for president against Jimmy Carter. During the Reagan presidency (and his New Federalism Reforms), he consistently pushed for replacement of local categorical grants with state block grants in an attempt to dislodge the ideological view that education was about equity, and to replace it with an ideology that the federal government should return state and local control and individual choice to education policy. Congress passed the Education Consolidation and Improvement Act (ECIA) in 1981 (Part of Public Law 97-35, the omnibus budget reconciliation act), which consolidated 42 programs into seven programs, which were funded under elementary and secondary block grant authority in order to reduce federal regulations of Title I. This reflected the administration's stance that resource control should be in the hands of states and local jurisdictions rather than at a federal level. Despite the change outlined by the ECIA and the new designation of Title I as Chapter I, little was done to implement the changes and traditional Title I practices, like the use of pull-outs, continued. This act also greatly reduced appropriations, changed language about targeting to be broader, and

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<sup>20</sup> 1981 section relies on Rand, 1983

dropped the requirement for states to use specific evaluation models approved by ED, though evaluations were still required

Table 6-7 Information Relevant to Education Consolidation and Improvement Act, 1981

Issue	Message	Political Context	Technical Context	Source	Information Type	Information Function	Utilization	Explanation of Decision
Federal government has infringed on state and local rights to control education	Federal government should not be directly involved in education policy	High Conflict	Low Conflict	New Federalism/council on Intergovernmental Relations	Values Inquiry	Support for Preexisting Position for Republicans	Explicit Political	Resulted in push for block grants and reduced funding for Title I

### 1984 Amendments

Terrell Bell, the Secretary of Education under Reagan, appointed a National Commission on Excellence in Education to study the performance of public schools. Bell had come into some conflict with the administration after speaking out in favor of public schools and against the elimination of ED, and put the commission together in the hopes that positive findings would limit future calls for radical education reforms (McGuinn, 2006). Reagan, in contrast, ordered the Commission to “focus on five fundamental points that would bring excellence back to education,” which included religious instruction, tax credits for families who send children to parochial schools, vouchers, parental responsibility, and a call to abolish ED. What the Commission ultimately produced achieved neither Bell nor Reagan’s objectives, but signaled the beginning of a shift from the equity ideology that had dominated federal education policy since 1965.

The report’s title, “A Nation at Risk: The Imperative for Educational Reform,” sets the tone for this ideological shift. State and local education systems had created a problem of national importance: American students greatly lagged behind their counterparts in other countries on various metrics of educational achievement. This lag was presented as an indicator that represented reduced opportunity for economic productivity, technological advancement, and the role of the US as an international superpower.

Because the commission did not serve his political goals, Reagan largely ignored it. In a ceremony at the White House Rose Garden, he received the report publicly, praising it for its call to eliminate ED, institute vouchers, enable his proposed tax credits, and allow school prayer. Of course, the report did not endorse any of these actions (McGuinn, 2006). In 1984, Public Law 98-511 made very limited changes to ECIA, and did not mention the report, instead revising provisions for grants to States to permit private for-profit organizations to participate in grant programs if such organizations can: (1) make a significant contribution to attaining the objectives of the Act; and (2) provide substantially equivalent education at a lesser cost or provide services and equipment not available in public institutions.

Table 6-8 Information Relevant to ESEA Amendments, 1984

Issue	Message	Political Context	Technical Context	Source	Information Type	Information Function	Utilization	Explanation of Decision
Focus needs to shift from equity to effectiveness	Nation's schools are underperforming relative to other countries	High Conflict	Low Conflict	A Nation at Risk	Outcome Assessment	Warning that US students are underperforming relative to their international counterparts	Implicit Political	Reagan initially ignores report, impact on 1984 legislation is minimal

A Nation at Risk, however, continued to have an impact on the national forum for education policy. The report received extensive media attention, supplemented by reports from the states, interest groups, and academics that repeatedly found shortcomings of educational achievement across the nation's school systems. After reelection, Reagan began to cite these findings as evidence that federal involvement in education was ineffective, and used it to continue pushing his preferred reforms. However, significant resistance from Congress, supported by the NEA and other education interest groups, curtailed these efforts at reform. In this period, education reform swept the nation, but was largely focused at the state level.

### 1988 Amendments

The Augustus F. Hawkins-Robert T. Stafford Elementary and Secondary School Improvement Amendments of 1988 (Public Law 100-50) paid homage to A Nation at Risk and

the school reforms happening nationwide at the state level by re-focusing Title I on cultivating school improvement and excellent programs. The law had two main provisions: the initiation of program improvements and modifications to school wide projects. Program improvement modifications would occur when students who received funding were not improving their education outcomes, and represented an acknowledgement of the need for reform. The school wide projects altered the requirement that local funds had to match school wide program funding by Title I, allowing a larger number of high need schools to implement school wide programming. These changes were relatively minor, however, and education as a national policy issue dominated during the 1988 presidential campaigns. President George H.W. Bush abandoned Reagan's proposal to eliminate ED and attempted to be an 'education president,' as part of a 'kinder and gentler' image for the Republican Party (McGuinn, 2006). Although his Democratic opponent Michael Dukakis was viewed, according to polls, more favorably on issues of education, Bush did not abandon his pledge to be an education president.

Table 6-9 Information Relevant to ESEA Amendments, 1988

Issue	Message	Political Context	Technical Context	Source	Information Type	Information Function	Utilization	Explanation of Decision
Focus needs to shift from equity to effectiveness	Nation's schools are underperforming relative to other countries	high conflict	low conflict	A Nation at Risk	outcome assessment	warning of need to improve achievement of all students	Explicit Technical	Program improvement requirements added to Title I statutory language

### 1992 Amendments

President Bush was ultimately unsuccessful as an education president, with no major legislation passing during his tenure for at least four reasons. First, many members of his own party still desired the elimination of ED and a return to greater local control. Second, Bush's other campaign pledge, to not raise taxes, coupled with an economic recession, drastically limited the availability of funds to enact new education programs. Third, Democrats controlled Congress, and worked to protect education interests, like NEA. Finally, the Persian Gulf would

ultimately dislodge education as the primary issue of Bush's focus. However, efforts during his presidency represented important groundwork for the development of a national agenda of education reform, starting with introduction of legislation to Congress in the first (and again the second) year of his presidency. Both bills failed in Congress, but introduced some of the new Republican ideas of school competition, choice, and accountability (McGuinn, 2006). Most importantly, in 1989, President Bush brought together a group of state governors, including Bill Clinton (D-AK), to a summit in Charlottesville, Virginia, to discuss education standards. This group ultimately supported the creation of voluntary national goals.

Table 6-10 Information Relevant to ESEA Amendments, 1992

Issue	Message	Political Context	Technical Context	Source	Information Type	Information Function	Utilization	Explanation of Decision
Focus needs to shift from equity to effectiveness	Nation's schools are underperforming relative to other countries	high conflict	low conflict	A Nation at Risk	outcome assessment	warning of need to improve achievement of all students	Explicit Technical	Bush suggestion to set voluntary national goals

After working with the National Governor's Association (NGA), President Bush announced six such goals in his 1990 State of the Union Address, including ensuring that students are sufficiently prepared when they begin schooling, increasing high school graduation rates to 90%, competency in several core subjects at grades 4, 8, and 12, safe and drug-free schools, US leadership in math and science ahead of other nations, and literacy and skills needed to compete in the global economy. In 1991, President Bush introduced a plan for education reform, titled America 2000, which embodied these goals. However, the plan met with opposition from both sides of the aisle, with Democrats assaulting it as 'education strip mining' that robbed existing programs to pay for new ones, while conservative Republicans continued to resist on ideological principle against federal involvement. No legislation resulted from America 2000, and Bush was ultimately defeated in the next election cycle before being able to institute any kind of education reform. In fact, Public Law 102-359 passed in August 1992, during the

campaign, but made only very minor changes to ESEA's per-pupil funding formulas. Essentially, this revised ESEA title I chapter 1 with respect to educationally disadvantaged children to revise formulas for average per pupil expenditure for designated schools receiving certain funds for school-wide projects, such that the 'hold-harmless' clause of Title I would not apply in cases where school district had reduced the proportion of disadvantaged students or their own per-pupil expenditures.

#### 1994 Amendments<sup>21</sup>

During the 1992 election campaign, Bill Clinton repeatedly declared that "We need to overhaul America's public education system from top to bottom (Koenig, 1992)." Although he and President Bush had large areas of agreement on education policy, Clinton was successful in highlighting vouchers and block grants as evidence of Bush's 'Radical Republican' ideology. However, Clinton continued to support the focus on standards, tests, and choice that had been developed during Bush's presidency. After the election, which put Democrats in unified control of the government, President Clinton resurrected America 2000 as Goals 2000 and used his partisan advantage to pass the law, even though it was opposed by the NEA and other education agencies on the left, and by the conservative Republicans who opposed increased federal involvement. Clinton's support, along with his pledge to make standards voluntary, ultimately helped Goals 2000 become law. Clinton's Secretary of ED, Richard Riley, claimed "for the first time in the nation's history, a statutory framework defines the federal role as one of supporting and facilitation to improve all schools for all children (Riley, 1992)." In support of these initiatives, the Clinton administration cited evidence of the impacts of voluntary actions by individual states. Ultimately this represents the ultimate shift from the domination of an ideology geared toward equality and disadvantaged students to an ideology focused on educational

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<sup>21</sup> Section on 1994 Amendments relies primarily on McGuinn, 2006 and Romano, 1999

outcomes. Goal 2000 would be used as a template for the 1994 reauthorization of ESEA and for ED's first strategic plan (as required by the Government Performance and Results Act (GPRA) of 1993).

This reauthorization, Public Law 103-382, called the "Improving America's Schools Act" (IASA), delivered on Clinton's promise to overhaul Title I. Congress rewrote the law to ensure that Title I programs were in line with the standards-based education reforms taking place in general education. Changes in 1994 were designed to ensure that educationally disadvantaged students were educated according to the same high standards that states were establishing for all students. To accomplish this purpose, Title I requires states to:

1. "ensure high standards for all children and align the efforts of states, local educational agencies, and schools to help children served under this title to reach such standards;
2. provide children an enriched and accelerated educational program, including, when appropriate, the use of the arts, through school-wide programs or through additional services that increase the amount and quality of instructional time so that children served under this title receive at least the classroom instruction that other children receive;
3. promote school-wide reform and ensure access of children (from the earliest grades) to effective instructional strategies and challenging academic content that includes intensive complex thinking and problem-solving experiences;
4. significantly upgrade the quality of instruction by providing staff in participating schools with substantial opportunities for professional development;



5. coordinate services under all parts of this title with each other, with other educational services, and, to the extent feasible, with health and social service programs funded from other sources;
6. afford parents meaningful opportunities to participate in the education of their children at home and at school;
7. distribute resources, in amounts sufficient to make a difference, to areas and schools where needs are greatest;
8. improve accountability, as well as teaching and learning, by using state assessment systems designed to measure how well children served under this title are achieving challenging state student performance standards expected of all children; and
9. Provide greater decision making authority and flexibility to schools and teachers in exchange for greater responsibility for student performance. (p.1)”

For a state to receive Title I funds, it was required to develop assessments based on the state content and performance standards they have set. These assessments were not intended to make decisions about individual children, but rather to keep track of how well districts and schools are enabled Title I students to meet standards. School-wide programs were required to identify individual students having difficulty mastering any of the identified standards and provide the identified students with timely and effective assistance. School-wide and targeted-assistance programs had to demonstrate sufficient gains in the performance of *all* students being served, including students with disabilities and students who are low-income or have limited English proficiency. Assessments were required to be administered at three key points: at least once each during grades 3-5, 6-9, and 10-12. Multiple methods of examining performance were

legislated, i.e., not solely standardized, multiple-choice tests, and must test higher learning skills and analytical abilities. All Title I students were required to participate, including students with disabilities and students with limited English proficiency.

The assessments were expected to be constructed to facilitate multiple reports, including: reports about individual students; global information such as race, ethnicity, and gender comparisons; comparisons of students with and without disabilities; and comparisons of economically disadvantaged and other students. These types of reports were supposed to provide a look at who, in fact, was being well served under Title I, and where efforts needed to be targeted to improve the program. Title I required states to develop a definition of "Adequate Yearly Progress." This definition was required to be used to determine whether or not particular schools and districts are making satisfactory progress toward enabling students to meet student performance standards. The state then had to identify districts that were not making sufficient progress.

IASA further modified schoolwide programs by incorporating assessment requirements into the statutory language. According to this language, school-wide programs were required to conduct a comprehensive needs assessment of the entire school, based on children's performance in meeting the state's standards. The school then had to develop reform strategies aimed at the entire school program. These strategies had to be designed to provide opportunities for all children to meet the state standards and were required to be based upon practices proven effective through research and experimentation.

Targeted-assistance programs were required to help participating students, i.e., those who are in identified disadvantaged groups, meet the state's standards. Similar to school-wide programs, statutory language required schools to use strategies that are proven to be effective

and are provided by highly qualified personnel. In addition, schools had to provide effective instructional strategies and extended learning time to ensure that children receive an accelerated curriculum. Targeted-assistance programs were expected to use methods that minimize the removal of children from regular classrooms during regular hours, i.e., pull-out programs, and had to explicitly coordinate with and support the regular education program. Suggested activities included: counseling, college and career awareness and preparation, school-to-work programs, and preschool transition programs.

If the state determined that a district had not made adequate progress for two consecutive years, the district would be put into "improvement status." The district then would have to develop and implement a revised Title I plan. The state could, however, take corrective action at any time. After four years of inadequate progress, the state was required to step in. State actions could include withholding state funds from a district. Local districts had to take similar corrective action steps in schools that were not making adequate progress.

Table 6-11 Information Relevant to IASA, 1994

Issue	Message	Political Context	Technical Context	Source	Information Type	Information Function	Utilization	Explanation of Decision
Focus needs to shift from equity to effectiveness	Nation's schools are underperforming relative to other countries	High Conflict	Low Conflict	A Nation at Risk	Outcome Assessment	warning of need to improve achievement of all students	implicit political	Although no longer cited directly, report was the impetus for a shift from focus on equity to one of effectiveness
Federal government can expand role by establishing national goals	Schools should have standards for performance to ensure that students achieve a good education	High Conflict	High Conflict	America 2000 / Goals 2000	Values Inquiry	Guidance of goals that should drive the setting of standards	explicit political	IASA relied heavily on GOALS 2000 as a framework for overhaul of Title I
Federal intrusion on states rights should be limited	Federal government can provide more flexibility in exchange for accountability	Medium conflict	Low Conflict	National Performance Review	Values Inquiry	Support for preexisting opinion that federal government needs to intervene on a national issue of education for all students	implicit political	Solution to overcome opposition by the states was to incorporate the ideals of NPR into the legislative requirement for standards

These requirements and corrective actions were included in IASA as a condition of receiving federal funds. This represents a shift from Goals 2000, as standards were transformed

from being something the federal government supported into something the federal government required. Though IASA passed with support from moderate Republicans and Democrats, it faced serious opposition from the far left and far right, which ultimately led to a reduced authority to sanction states and districts that failed to comply. Ultimately this resulted in a high degree of flexibility for states to define their own standards and self-determine if they were in compliance with the new mandates (McGuinn, 2006).

#### 1999's failed reauthorization

The 1994 election brought Newt Gingrich (R-GA) and the 'Contract with America' into a dominant role in the Congress, and resulted in repeated Republican attacks on President Clinton's education platform. Clinton successfully resisted these attacks, most notable by vetoing a budget with significant cuts to education in 1995, resulting in a very public shut down of the federal government. Clinton's reelection in 1996 was seen as evidence of broad support for his education policies, which led to a Republican retreat on the issue over the next several years, characterized by support, and even modest expansion, of Clinton's education proposals throughout the period. Most of these proposals were narrow, targeted education programs that were not related to Title I. However, for the reauthorization of ESEA in 1999, Clinton used his State of the Union address to reinforce his support for strengthening the standards and accountability measures of ESEA. In response, Republicans introduced the "Academic Achievement for All Act," which became known as the "straight A's." Their proposal was largely similar to Clinton's, but increased federal spending by a larger amount, focused more on teacher improvement, and by turning categorical grants into block grants. Democrats in Congress responded with a third plan, called the "Public Education Reinvestment, Reinvention, and Responsibility Act" or "the Three R's," which integrated many aspects of both plans, but added

on federal rewards and punishments for state performance toward educational goals. Ultimately, the divide over the three plans, along with pressure from the 2000 presidential elections, led Congress to table the reauthorization, hoping that the election results would inform which of the plans to follow.

### No Child Left Behind 2002

Title I was renamed once again in the reauthorizing legislation of ESEA in 2001, Public Law 107-110, as the No Child Left Behind Act (NCLB). NCLB expanded provisions of the law relating to school accountability and student assessments, which had been a part of IASA. In fact, many aspects of NCLB were taken directly from President Clinton and his Progressive Policy Institute (McGuinn, 2006). Bush's announcement of support for many of these initiatives likely played a role in his election victory over Al Gore in 2000, as he co-opted many of the ideas before Gore had stated a platform. In addition, state reforms in Texas while Bush was governor added to his credentials as an education advocate, and reports of their results were used to support his proposals for increased testing and accountability. NCLB introduced provisions relating to high quality teachers and school choice, drawn from the Texas experience. Bush ultimately proposed a national strategy for education, but left Congress to work out the details, inviting the Democrats who had sponsored the Three R plan to an education policy summit held before his inauguration, in which he invited bipartisan work on a bill, based on his 28-page strategy.

Among the bipartisan compromises made in drafting the bill were President Bush's decision to drop his proposals of vouchers for private and parochial schools early in the process, the agreement to implement a pilot program to demonstrate the potential of block grants, rather than a wholesale replacement of categorical grants with block grants, and massive increases in

federal spending, championed by Senator Ted Kennedy (D-MA). The centerpiece of Bush's proposal, and the most conflictual part of the bill, were the testing provisions, which required the same annual yearly progress that had been included in IASA, but which has far sharper teeth, in terms of enforcing rewards and punishments related to the achievement of that progress. Ultimately, both houses of Congress passed a version of the bill with some testing requirements, but the reconciliation would be the forum where details about these accountability measures would ultimately be hammered out.

Table 6-12 Information Relevant to NCLB, 2002

Issue	Message	Political Context	Technical Context	Source	Information Type	Information Function	Utilization	Explanation of Decision
Focus needs to shift from equity to effectiveness	Nation's schools are underperforming relative to other countries	High Conflict	Low Conflict	A Nation at Risk	Outcome Assessment	warning of need to improve achievement of all students	implicit political	Although no longer cited directly, report was the impetus for a shift from focus on equity to one of effectiveness
Need to understand the impact of standards	Standards can lead to positive results	High conflict	Low Conflict	Texas Reforms	Outcome Assessment	Guidance to implement similar reforms	explicit political and technical	Majority of Bush blueprint for reform was based on examples from the Texas reforms

Reconciliation was largely led for the Senate by Senators Gregg (R-NH) and Kennedy (D-MA), for the House by Representatives Boehner (R-OH) and Miller (D-CA), and for the administration by Margaret Spellings and Sandy Kress, two advisors to President Bush. The primary conflict was over testing, where the House had passed language for Annual Yearly Progress that would be very difficult to meet, while the Senate had passed a complex and hard to understand system of accountability. This issue had the potential to derail the bill, if not for the terrorist attacks of September 11, 2001 (McGuinn, 2006). Following the attacks, there was a great desire among elected officials to pass positive legislation and show that the country was still operating strongly. After the PATRIOT Act, NCLB was the next major piece of legislation after the attacks. In order to speed up passage of NCLB, both sides agreed to keep the Annual Yearly Progress from the original House version of the bill, but to allow states to design their

own tests and define proficiency on their own. The resulting compromise passed by wide margins in the House (381-41) and the Senate (87-10) in December 2001 and signed into law on January 8, 2002.

The passage of NCLB represented a new alignment of ideology and interests within the confines of existing institutions and based on political usage of information. The ideology that represents this decision is a belief in competition as an effective process for producing quality and efficiency. The interests represented in this decision include educational managers, who are given increased power over teachers; private and charter schools, who gain increased access to Title I funds through the potential closure of other public schools; developers of standardized assessments, who are granted increased visibility across all states; and federal lawmakers, and won the support of some civil rights groups while simultaneously earning the disdain of others. This overwhelming support for the bill likely came from the combination of a few key interests. First and foremost, the rhetoric of leaving no child behind and the ability to claim credit for a positive vote on educating low-income students serves the interests of federal lawmakers. These interests were further bolstered after the September 11 attacks, which took place between the original and conference bill votes. This national tragedy added to the rhetoric of leaving no child behind by providing patriotic justifications for improving elementary and secondary education (McGuinn, 2006). Despite this, fractured civil rights interests, at this point, were divided on the merits of NCLB and unable to mount a unified offensive against the bill (Neill, 2004). While some supported the expansions of federal spending and the law's focus on achievement gaps, others argued that the provisions in the act actually caused it to be more distributive and resulted in a net decrease in benefits for minority groups (Kaestle and Lodewick, 2007).

NCLB was designed to work within the confines of existing institutions. First, it employed the existing vehicle of Title I funding to exert increased control over state and local education agencies. Because education is an area where states have primary authority, the federal government cannot dictate the policies or processes employed by the states. Instead, it is limited to providing funding to states, in exchange for their agreement to pursue certain policies. Finally, the passage of NCLB relied on information in a political way, requiring ‘research-based’ education initiatives, but focusing on measurable outcomes. Established research that explores socio-economic reasons for poor school performance, and which incorporates external factors, including the influence of media, on educational outcomes, was not included in the bill.

#### NCLB Implementation, Shortcomings, and Waivers, 2002-2012

The stated goals of No Child Left Behind were to increase the proficiency of all students in core subjects while lowering achievement gaps that have historically persisted in the elementary and secondary education system. The Act requires states to develop assessments in basic skills to be given to all students in certain grades, if those states are to receive federal funding for schools. The Act does not assert a national achievement standard, and standards are set by each individual state.

The provisions of NCLB took effect during the 2002-03 school year. Regarding assessments, NCLB required annual testing of all students in grades 3 through 8, as well as one assessment of students in grades 10-12. These assessments are state-controlled and vary based on each state’s education standards. Specifically for reading and math, the law sets a goal of all tested students meeting or exceeding state standards by the 2013-14 school year. In the interim years, schools, districts, and states are required to meet Annual Yearly Progress (AYP) toward this goal. To make AYP, schools and districts must meet annual targets for each student



subgroup in the school. States also must define an “other academic indicator” that schools must meet in addition to proficiency targets on state assessments. Schools failing to meet AYP are subject to various interventions, depending on the number of years they have been considered in need of improvement. Since NCLB took effect, many have reported on the mathematically impossibility of meeting all goals and the unrealistic nature of many of NCLB’s goals (Karp, 2004).

Under NCLB, schools and districts that do not make AYP for two consecutive years are ‘identified’ for improvement and are given technical assistance to help them improve. Districts are required to offer all students in identified schools the opportunity to transfer to schools that have not been identified, and the district must provide the transportation. In schools that miss AYP for a third year, districts must offer supplemental educational services to low-income students. If a school fails to meet AYP for four years, districts must replace school staff ‘relevant to the failure,’ implement a new curriculum, decrease authority of school management, appoint an outside expert to advise the school, extend the school day or year and/or restructure the school’s organization. After a fifth year, districts must begin planning to implement for restructuring interventions, including plans to reopen the school as a charter school, replace all or most of the school staff, contract with a private entity to manage the school, turn over operation of the school to the state, or adopt some other major restructuring of the school’s governance. Districts are required to spend a year planning for restructuring and begin implementing it if they fail to meet AYP for a sixth year. To leave identified status, a school or district must make AYP for two consecutive years. State and Local governments, initially, expected these requirements to be applied broadly, as they had been under President Clinton, with discretion given to tailor them to individual state and local needs. However, The Bush Administration chose to strictly enforce

them and use a one-size-fits-all approach that has led to resistance from states, teachers' unions, and civil rights groups (Wood, 2004).

NCLB is intended to address the certain challenges facing high-poverty communities by targeting extra educational resources to school districts and schools with the highest concentrations of low-income and minority students. It is in these areas where performance, as measured by attendance, graduation rates, and test scores, has historically been the lowest. However, these output measures are representative of a longer-term outcome goal. Specifically, better future employment opportunity and earnings potential. NCLB, then, is intended to improve the quality of life of low-income students. While some output measures, such as those mentioned, have been shown to be associated with improved access to higher education and increased lifetime earnings, they are also not clear indicators of educational performance. For example, school attendance and graduation rates may be misleading if instruction is poor or the level of grading difficulty is low, and test scores are influenced by a number of factors in addition to understanding of the subjects being tested.

Because there are multiple output indicators without definitive links to the desired outcome, there is disagreement over which are most important to measure. Similarly, reliance on standardized tests tends to ignore these different indicators. Similar disagreement exists over the various ways that these outputs can be improved. For example, after the promising results of the Texas experiment were used to justify NCLB, it became clear that increased test scores were correlated with higher dropout rates and increased gaming of the system by teachers and administrators, leading some civil rights groups to call for stronger focus on achievement gaps and accountability over the testing process, and others to call for the elimination of standardized testing as a requirement for federal funds. Policies that have historically received support

include, but are not limited to: school choice, including voucher programs and charter schools, teacher quality initiatives, programs that target the underlying characteristics of the low-income population, including free and reduced price lunches, and changes to curriculums or class sizes. An integrated model of decision making suggests that this political disagreement over the relevant results and the processes needed to provide an equitable education to low-income students prevents definitive measurement of either, and that decisions about the program will tend to be driven primarily by ideology, interest, and institutions, and characterized by political usage of information, rather than through a systematic technical approach.

Although standards were required under IASA, the Bush administration's implementation of the requirements in NCLB was quite different than Clinton's had been. Shortly after the bill was passed, Secretary of Education Rod Paige met with 30 state education chiefs. In this meeting, he explained that they would all be held to the letter of the law, that noncompliance would not be tolerated, and that no waivers would be granted (McGuinn, 2006). This new stance on the federal role in education mobilized education interests, state officials, and others into strong opposition. By 2004, some state legislatures had begun to declare that NCLB was an unconstitutional intrusion on state rights, groups across the education community argued that it was underfunded, and schools complained that it was being administered unfairly and inflexibly (McGuinn, 2006). By the end of 2004, a total of 31 states had introduced bills seeking greater flexibility in administration of NCLB, increased funding for implementation, or limitations in state participation. The Bush administration responded by threatening to stop providing federal funds to states that were not in compliance, and Secretary Paige went so far as to call the NEA a "terrorist organization" (McGuinn, 2006). However, growing disillusionment with the law continued, concurrent with studies that began to find flaws in and attack the Texas model, and as

a result, Secretary Paige was replaced with long-time Bush adviser Margaret Spellings, who announced a “new common sense approach” to implementation, which limited state requirements to four “bright lines” – annual testing, disaggregated data, teacher quality improvements, and dissemination of information to parents.

Despite greater flexibility in implementation requirements, NCLB continued to be challenged by states, education officials, teachers unions, and other interests. Although the goal of improved achievement for all students remains an area of general agreement and low conflict, the specific mechanisms to ensure that achievement are hotly debated. In fact, even President Obama, who began to grant states waivers from the requirements of NCLB in February 2012, said “the goals behind No Child Left Behind were admirable, and President Bush deserves credit for that. Higher standards are the right goal. Accountability is the right goal. Closing the achievement gap is the right goal. And we’ve got to stay focused on those goals.” However, the sub-goals that are most conflictual within this area are the specific standards to be met, teacher quality, the definition of adequate yearly progress, and the ability of the federal government to impose requirements that cannot be achieved by states with the amount of funds provided. On top of that, the correct means to achieving those goals are highly conflictual. It is in the context of this conflict that President Obama has decided to grant flexibility and waivers to states (ED, 2012). These waivers exempt states from the requirement to meet NCLB goals by 2014, provide them flexibility to set new goals and achievement timelines, but require those goals to be aligned with the requirements of NCLB.

#### Exploration of Case Study Evidence

The previous sections provide an overview and brief history of ESEA and Title I grants to States and LEAs, and summarized the major debates and decisions about the program over the

last 50 years. The remainder of this chapter will explore that history in greater detail, along with evidence gathered from document review and interviews with program officials, legislative stakeholders, and related interest groups. It will do so in order to explore evidence for the first hypothesis, which posits that political and technical conflict will be associated with reduced use of information, or use of information in ways that do not comport with rational/technical expectations.

For each of 8 eras, the relative importance of the Four-Is will be considered, with attention paid to the utilization on information, the degree of political and technical consensus, and the use of multiple sources of information. Throughout the text, evidence of the existence of conflict and the extent to which sources of evidence other than performance information are considered in the political interactive dialogue will be highlighted.

After that, the chapter will explore the second hypothesis, which is that the inability to measure activities and outcomes will contribute to utilization that is symbolic or that is not deterministic, as rational/technical decision making approaches would expect, because of technical conflict that violates the assumptions of that approach. Specifically, it will examine the possibility that bureaucratic type will be associated with limited success of performance efforts, and it will begin with a discussion of the creation and use of performance information. This section will focus on the Government Performance and Results Act (GPRA), Program Rating Assessment Tool (PART), and GPRA Modernization Act (GPRAMA), with an eye toward the ability of Title I grant programs to specify goals, measure progress, and produce information, as well as on the utilization of that information in a way that impact the outcome of decisions. Both of these sections will also provide some information about the third hypothesis, which suggests

that public provision of performance information through these efforts will increase private provision of information, especially in times of political or technical conflict.

#### The Four I's throughout the Eras of ESEA

In order to better understand how the four I's have influenced ESEA over time, this section will group the individual legislative actions above into several 'eras' of ESEA, and analyze the presence and impact of each of the four I's in each of those eras. This exploration will consider the 8 eras of ESEA, which are listed along with major events and political party representation in Table 6-13. It will use Weiss' four I's, which show that the utilization of information for decision making purposes depends on the ideology of the decision makers, the interests impacted by the decision, institutional characteristics and norms of decision making and of the impacted programs, and the availability and understanding of existing information at the time of the decision. This exploration will apply the four-I framework developed in chapter 4 to the different era's of HEA's history, in order to explore the various impact of the four factors.

When considering ideology, the focus will be on debates surrounding issues of federalism and issues about the scope of government. Federalism issues will examine tension between the national government and the state and local governments, with a focus on whether the federal government should be involved in an issue. Scope of government issues will include other debates of federal authority to dictate substantive policies, which are not related to federalism, including economic interventions and regulations, and will focus on how government should intervene once it has determined that it should be involved.

Table 6-13 Partisan control and Institutional Alignment throughout ESEA's history

<b>Era</b>	<b>Major Event</b>	<b>President</b>	<b>House</b>	<b>Senate</b>
Passage	1965 HEA Passage	D - Johnson	D (289-136)	D (67-33)
Expansion	1968 Amendments	D - Johnson	D (247-187)	D (64-36)
Regulation and Targeting	1970 Amendments	R - Nixon	D (243-192)	D (57-43)
	1974 Amendments	R - Ford	D (235-182)	D (57-43)
	1977 Amendments	D - Carter	D (292-143)	D (61-39)
Retrenchment	1981 Amendments	R - Reagan	D (244-191)	R (53-46)
	1984 Amendments	R - Reagan	D (272-163)	R (55-45)
New Horizons	1988 Amendments	R - Reagan	D (254-178)	D (55-45)
	1992 Amendments	R - HW Bush	D (270-165)	D (58-42)
Standards	1994 Amendments	D - Clinton	D (259-176)	D (57-43)
	1999 Stalemate	D - Clinton	R (227-207)	R (55-45)
Testing and Accountability	2002 NCLB	R - W Bush	R (220-210)	50-50
	2005 Flexibility	R - W Bush	R (233-202)	R (55-45)
Modern Era	2012 Waivers	D - Obama	R (242-192)	D (53-47)

Interests will be represented by four types of groups who have a vested interest in a decision, state and local governments, teachers' unions, civil rights groups, and parochial schools. These groups, to a varying extent, will be involved in the four types of politics (Wilson, 1989): Interest group politics, client politics, entrepreneurial politics, and majoritarian politics. It is expected that client and majoritarian politics will generally be associated with low political conflict, while interest group politics and entrepreneurial politics will be generally associated with low levels of political conflict. Given these expectations, we expect a higher utilization of information in the latter categories.

Third, institutional characteristics and norms will be accounted for in two ways. The first set of institutional norms and procedures, referred to in this study as being related to programmatic norms. These are the rules and standards that surround the creation and direction of programs by outside entities, and include issues of separation of powers in the national government, including tension between the President and Congress. This also includes the partisan balance of the President and Congress and institutional norms of Congress as an

organization, including the committee process and congressional rules. Finally, we will consider the decision relative to the nearest election cycle. This is important as decisions made shortly after an election will tend to be justified (whether deservedly so or not) by the results of that election, whereas decisions during an election cycle are more likely to reflect expectations about the public's response in the future. Operational institutional norms of the individual programs are also important. Issues of the program's design are critical to this factor, including the established processes for providing services and benefits.

Finally, information will be considered in three major categories: Program activities, program outcomes, and contextual information, defined as information that impacts a decision about the program, even if the information is not substantively about the program.

Additionally, the various sources of information will be identified, including information published from government sources, including commission reports, CBO estimates, GAO audits, internally produced information -including strategic plans, internal performance measures, and reports produced within the agency – as well as privately produced information from interest groups and academics.

One aspect of the eras of ESEA's history that is worth noting is the progression from a redistributive to a distributive policy type (Lowi, 1973). Specifically, Title I was clearly geared towards low-income students when it was created in 1965. In the early era of expansion, the definition of disadvantaged was expanded to other groups, including students with disabilities, children of migratory parents and those for whom English was a second language, and women. Further, the definition of low-income was changed to expand the program's reach. This change from redistributive to distributive also has roots in the 1977 decision to create school-wide programs for schools where 75% or more were covered by Title I, and the decision to modify



that requirement to 50% in 1988. Ultimately, the shift from an equity ideology to a standards and accountability ideology expanded the benefits of Title I to all students, completing the shift to a distributive policy. It is important to note, however, that the redistributive origins of the program can still be seen in requirements and goals of the current program, including the goal of closing the achievement gap.

### ESEA Passage, 1965

Much like the Higher Education Act (HEA), the passage of ESEA was owed in part to all four I's, but primarily to the strong unified Democratic control of the Congress and Presidency (see table 6-14). There are at least five discrete decisions that were made when the act was passed: 1) The federal government should intervene in education policy, 2) The target should be students, with a goal of ensuring equality, 3) Funds should be sent to districts, 4) States should be given control for approving district plans, and 5) evaluations of the program will be needed. The interplay of the four-Is contributed to this set of decisions.

Information played a relatively minor role in the passage of ESEA. While studies that described the plight of impoverished youth, urban communities, and poor educational outcomes were cited throughout President Johnson's speeches and in justification of his policy preferences, they were primarily used to support the preexisting opinion of Democrats that the federal government should be involved in education, and used as 'foot in the door' to justify that intervention (Bailey and Mosher, 1968). In addition, the Gardner task force cited these studies and recommended many of the provisions that ultimately ended up in the law. One could conclude that the Gardner report was actually deterministic of these decisions, as suggested by a rational model of decision making. However, closer inspection reveals that the commission was formed after Johnson's preferences had been stated, and the report largely reflected those

predetermined preferences, and the report was used almost exclusively by Democrats who used it to provide additional support for positions they already supported.

Ultimately, the passage of ESEA represents an ideological victory for those who believed that the federal government should be involved in education. In order to achieve this victory, President Johnson had to additionally highlight the ideological belief in equality, and to carefully navigate the ideological views of the relationship between church and state, as regards public and parochial schools. In addition, he had to ensure that major interests, including states, districts, parochial schools, teachers' unions, were sufficiently supportive of the final bill. President Johnson pursued a client politics strategy, in which he hoped to provide some concentrated benefit to each interest group.

Table 6-14 Impact of Four Is on ESEA Passage, 1965

<b>Decision Making Factor</b>	<b>Indicator</b>	<b>Strength of Impact</b>	<b>Direction of Impact</b>	<b>Description</b>
Ideology	Relationship of Federal, State, and Local Governments	Major	Support	Ultimate decision for federal involvement
	The view of what it is appropriate for government to do vis-à-vis the private sector	Minor	Support	Restrictions on dictating curriculums or allowing religious instruction
Interests	Costs and benefits are concentrated	N/A	N/A	no provisioning with these interests
	Costs are dispersed benefits are concentrated	Major	Support	Title II for Parochial Schools, III and V for states
	Costs are concentrated and benefits are dispersed	Minor	Oppose	Title IV for states
	Costs and benefits are dispersed	Minor	Support	Title I
Institutions	Rules and standard operating procedures related to the process for setting goals	Primary	Support	Unified Democratic control and ascendant president
	Rules and standard operating procedures related to the program operations intended to achieve those goals	Major	Support	use of impaction formula
Information	Information about what the program is doing	N/A	N/A	Program specific info not available because programs don't exist yet
	Information about the program's mission	N/A	N/A	Program specific info not available because programs don't exist yet
	Information unrelated to the program, but germane to decision for other reasons, including information about the overall budget environment and about the need for the program	Minor	Support	Gardner Report and studies linking education outcomes to poverty

In order to balance the expansion of the federal role, and to appease State and District interests, President Johnson relied also on the work of Senator Morse and Commissioner Keppel to address the concerns of states, teachers' unions, civil rights groups, and parochial schools. ESEA provided a benefit to districts by directing funds to those districts based on their student populations. It provided a benefit to states by providing administrative funding to SEAs and by giving states the authority to approve district programs. Further, the use of the impact aid formula framed the federal role in term of helping disadvantaged students, rather than on intrusion into school policies and practices, a decision that also appeased the civil rights groups. This framing also garnered support from teachers' unions, which was further developed by explicit statutory language prohibiting the federal government from becoming directly involved in or dictating curriculum. Because the impact aid formula was based on demographic information at the district level, it did not distinguish between students served by public schools and those served by parochial schools. In order to prevent opposition from parochial schools, title I required public schools to allow parochial students to be included in Title I programs. However, to further win over the religious interests, Johnson also supported provisions in the other titles of the act which provided direct benefits to parochial schools.

Institutional factors played the most important role in the passage of ESEA. While the President was ascendant in the development and passage of the law, through his Great Society platform, the use of an existing institutional arrangement, in the form of impact aid enabled him to overcome many potential forms of interest group opposition that had gained strength after the civil rights group coalition had begun to fragment following the passage of the Civil Rights Act. In addition, the unified Democratic government enabled Johnson to push for otherwise controversial political measures because the Republican Party did not have the strength to mount

any real opposition. However, in acknowledgement of the importance of Congress in the role of passing and overseeing the implementation of ESEA, evaluation requirements were added so that Congress would have information relevant to future decisions about the program.

### ESEA Expansion, 1965-1968

Unified Democratic control of the federal government continued to be deterministic in the early shaping of ESEA, but Congress began to take over the leadership role of that development. They continued to legislate requirements for evaluations for future decisions, and cited findings from the Office of Education that states had not determined the effectiveness of Title I programs. This period of expansion represents an increased federal role in the form of increased spending and broader eligibility, still supported by an ideological belief in equality. This is evidenced through additional targeting of programs, including expansions for the handicapped, for delinquent children, and for children of migrants. It was also evidenced by increasing the coverage of Title I by changing the maximum family income limit and by reducing the proportion of funds that could be used for state administrative purposes.

While state interests were unable to prevent these cuts to their administrative budgets, the interests of districts and teachers' unions continued to benefit from client politics. Both interests reported the inadequacy of using outdated census data for determining the rate of poverty, leading Congress to loosen the regulations for measuring the demographics, increasing the ability of districts to show their own calculations of the number of low-income students, and, ultimately, the amount of funding received. Further, teachers' unions and civil rights groups successfully lobbied for additional funds to be used for teacher training.

Table 6-15 Impact of Four Is on ESEA Expansion, 1965-1968

<b>Decision Making Factor</b>	<b>Indicator</b>	<b>Strength of Impact</b>	<b>Direction of Impact</b>	<b>Description</b>
Ideology	Relationship of Federal, State, and Local Governments	Major	Support	Expanded federal role in pursuit of equality
	The view of what it is appropriate for government to do vis-à-vis the private sector	N/A	N/A	parochial school issue not debated
Interests	Costs and benefits are concentrated	N/A	N/A	no provisions with these interests
	Costs are dispersed benefits are concentrated	Major	Support	concentrated benefits provided to some groups
	Costs are concentrated and benefits are dispersed	Minor	Oppose	States lost some flexibility for using funds for administrative costs
	Costs and benefits are dispersed	N/A	N/A	no provisions with these interests
Institutions	Rules and standard operating procedures related to the process for setting goals	Primary	Support	Unified democratic control and ascendant Congress
	Rules and standard operating procedures related to the program operations intended to achieve those goals	Minor	Support	Funding formulas manipulated to broaden scope, since Title I is an entitlement
Information	Information about what the program is doing	Minor	Support	Elimination of Census for determining poverty
	Information about the program's mission	N/A	N/A	Too little information available
	Information unrelated to the program, but germane to decision for other reasons, including information about the overall budget environment and about the need for the program	Minor	Support	Continued evidence of link between poverty and education outcomes cited throughout the era

These changes, to some extent, represent a move away from some of the compromises that had been needed to achieve passage of ESEA in 1965. For example, the original statute had

used the automaticity of the census for measurement, because the census was generally viewed as a neutral source of information, in order to avoid debates about the various ways to measure poverty. After passage was secured, the immediate amendments allowed this debate to take place within the confines of the existing law. Likewise, changes to funding for state administration represented a relaxation of the federal capitulation to state interests that had been needed to secure passage. While 1965 had definitively ruled that the federal government should be involved, the first few years after gradually expanded that role.

#### ESEA Regulation and Targeting, 1970-1978

Following the early era of ESEA expansion, the federal role began a shift towards an expansion of reach to one of an expansion of control. Whereas the early federal role had been focused on how much funding the federal government could provide and who would benefit from it, the era of regulation and targeting focused on preventing misuse of funds and maximizing the share of funds that was making its way to the groups that had been identified in the previous era. During this period, fiscal issues began to dominate the political dialogue, rather than a focus on education policy.

In the first half of this era, the largest change to ESEA was the implementation of a restriction on state and district usage of federal funds so that they were only used ‘to supplement, not supplant’ local education dollars. Ideology was used to support this new limitation, on the reasoning that the federal government was not taking control of education policy, but only supporting state and district rights. This ideological argument helped to neutralize complaints by state, district, and teacher union interest groups, while effectively reducing their decision making authority. However, the most influential factor for this new requirement was information, as a

report from the Office of Education had identified that increased federal spending was associated with reduced state funding and lowered potential for federal funds to have an impact.

Table 6-16 Impact of Four Is on ESEA Regulation and Targeting, 1970-1978

Decision Making Factor	Indicator	Strength of Impact	Direction of Impact	Description
Ideology	Relationship of Federal, State, and Local Governments	Minor	Support	State rights used as a justification for imposition of supplement, not supplant rule
	The view of what it is appropriate for government to do vis-à-vis the private sector	N/A	N/A	Private school issue not considered
Interests	Costs and benefits are concentrated	N/A	N/A	no provisions with these interests
	Costs are dispersed benefits are concentrated	N/A	N/A	no provisions with these interests
	Costs are concentrated and benefits are dispersed	Major	Oppose	School districts and states opposed new rule as it was effectively a concentrated cost for them
	Costs and benefits are dispersed	Minor	Support	Schoolwide Programs created more distributive type of title I policy
Institutions	Rules and standard operating procedures related to the process for setting goals	Major	Oppose	Democratic Congress was ascendant in opposition to Nixon
			Support	Democratic Congress was ascendant and supported Carter
	Rules and standard operating procedures related to the program operations intended to achieve those goals	Major	Support	Criticism of Title I pull-outs
Information	Information about what the program is doing	Primary	Support	State and Local practices about funding exposed as fraudulent
	Information about the program's mission	Major	Support	Negative impact of pullouts espoused as contrary to program goals
	Information unrelated to the program, but germane to decision for other reasons, including information about the overall budget environment and about the need for the program	Major	Support	A general lack of information about program impacts necessitated additional evaluation requirements



The second half of the era was impacted strongly by the institutional alignment of the federal government. Specifically, conflict between a Democratic Congress and President Nixon led to a general stalemate, but did result in an expansion of Title I programs after the election of Jimmy Carter. This partisan alignment continued to push for Title I programs in support of an ideology that supported equality, including changes to funding formulas intended to improve identification of low-income students, targeted basic skills programs to improve those students' achievement levels, and the introduction of school-wide programs to minimize the negative impact of pull-outs.

Although information had played a role in decisions throughout this era, another important aspect of information should be noted. Namely, as had happened in earlier eras, Congress became convinced that adequate information about program effectiveness was unavailable. In response, they required additional evaluations of Title I programs in each of three ESEA amendments statutes passed during the period. In 1977, the statutory language paid particularly close attention to the role of information by referencing two key evaluations in their new requirements. First, noting the early work of Paul Hill and the National Institute of Education (NIE) reports on compensatory education (NIE, 1976), Congress explicitly recognized the importance of multiple goals in Title I. Further, noting a GAO report (GAO, 1977), they required future NIE reports to be produced and issued prior to the next reauthorization, so that its usefulness would be maximized for legislative debate. However, one GAO recommendation, interestingly, was not specifically addressed in the statute. GAO had recommended that HEW “seek agreement with Congress on the specific program objectives to be used for evaluations.” This recommendation assumed a rational decision making process, in which Congress could select among conflicting priorities to provide clear evaluation objectives for the agency, and

Congress' inability to define such clear goals suggests that, even under unified Democratic control of the government, the rational approach was not sufficient to override the other three Is.

#### ESEA Retrenchment and the New Federalism, 1980-1987

President Reagan and a Republican Senate began attempting to reduce the federal role in education and dismantle some of the equity provisions in Title I in favor of state flexibility and control during the era of ESEA retrenchment, also reflected by repeated calls to eliminate the Department of Education. In addition, President Reagan reintroduced the ideological debate over church-state relations, with an attempt to improve the position of parochial schools and religious institutions, primarily through private school vouchers, relative to their treatment in ESEA in the previous eras. The role of information was limited during this era, with Reagan citing his Council on Intergovernmental Relations for some of his preexisting positions, and largely ignoring the findings of 'A Nation at Risk,' because they were not consistent with his preexisting opinions. Decisions during this period fall into two main categories: reduction of the federal role and expansion of private (and parochial) interests.

Reduction of the federal role was primarily achieved through the use of institutional factors. The president was ascendant during this era, and controlled many of the issues that were considered. Ultimately, Reagan was able to secure a consolidation of federal programs, many of which has been created during the Nixon administration, through the use of block grants, removal of the Department of Education's (ED) responsibility to dictate state evaluation models, and reduced appropriations by moving ESEA reauthorization into the budget process, which Democrats in the House had a harder time resisting than they would have if considering ESEA on its own. Reagan also managed, on the argument that they could produce the same results at a lower cost, to provide a pathway for private and parochial institutions to receive Title I funds.

Through these efforts, Reagan provided the benefit of increased flexibility to states and districts and increased availability of federal funds to parochial interests, all of whom provided some cover for the reforms.

Table 6-17 Impact of Four Is on ESEA Retrenchment, 1970-1978

<b>Decision Making Factor</b>	<b>Indicator</b>	<b>Strength of Impact</b>	<b>Direction of Impact</b>	<b>Description</b>
Ideology	Relationship of Federal, State, and Local Governments	Primary	Support	State rights dominate in push to reduce federal role
	The view of what it is appropriate for government to do vis-à-vis the private sector	Minor	Support	parochial schools given a chance at receiving Title I funds
Interests	Costs and benefits are concentrated	N/A	N/A	no provisions with these interests
	Costs are dispersed benefits are concentrated	Minor	Support	Parochial schools lobby for concentrated benefit
	Costs are concentrated and benefits are dispersed	N/A	N/A	no provisions with these interests
	Costs and benefits are dispersed	Minor	Support	Block grants viewed as increasingly distributive
Institutions	Rules and standard operating procedures related to the process for setting goals	Major	Support	Budget process used to give president ascendancy over Democratic House
	Rules and standard operating procedures related to the program operations intended to achieve those goals	Minor	Oppose	Implementation resisted based on comfort with categorical grants
Information	Information about what the program is doing	Minor	Support	Reagan argued (without evidence) that parochial schools could be more cost effective
	Information about the program's mission	Minor	Support	Consolidation of programs one way to reduce multiple conflicting goals
	Information unrelated to the program, but germane to decision for other reasons, including information about the overall budget environment and about the need for the program	Minor	Oppose	A Nation at Risk was largely ignored

### ESEA's new Horizons, 1988-1992

Although Reagan had begun to come around to the findings of 'A Nation at Risk,' his influence on the 1988 reauthorization was overshadowed by the Presidential elections. Citing 'A Nation at Risk,' Congress passed early forms of federal corrective action in 1988, which opened up ESEA to a new ideological direction and an era of new horizons. Unlike other eras of ESEA, this period was not defined by major legislative decisions about the program. In fact, reauthorizations during this era made only minor adjustments to the law. However, this period is deserving of the label of an Era because it represents half a decade of development in ideas and structure that would shape the program in the following eras and define the movement to address interest group resistance to the new federal role.

This era of ESEA is defined primarily by information and interests. 'A Nation at Risk' provides the ultimate backdrop to this era, as a general agreement has developed, by this point, which suggests that schools nationwide are failing to achieve results for all students, and not just the most disadvantaged. This, in the context of Lowi's (1972) policy types, represents a shift from redistributive to distributive program design, and a movement from targeted to universal implementation. Within this context, President Bush created more information through the summit of state governors and the decision to create national goals for education. This information was further developed in Bush's unsuccessful push for America 2000.

Ultimately, the lack of progress during this era owed itself to three interest groups. First, teachers' unions and civil rights groups did not trust President Bush because of the history of the Republican Party with education policy, including the significant cuts that had been initiated by Reagan and repeated calls to dismantle ED. This was exacerbated by Bush's decision to support religious interest groups by continuing the Republic party's pressure to institute educational

vouchers. While this appeased religious institutions, it further eroded Bush's relationship with SEAs, LEAs, teachers' unions, and civil rights groups.

Table 6-18 Impact of Four Is on ESEA New Horizons, 1988-1992

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Decision Making Factor	Indicator	Strength of Impact	Direction of Impact	Description
Ideology	Relationship of Federal, State, and Local Governments	Minor	Support	State reforms during the period dominated because of federal inaction
	The view of what it is appropriate for government to do vis-à-vis the private sector	Minor	Oppose	A continued opposition to vouchers for parochial schools prevented Bush from affecting meaningful changes to Education policy
Interests	Costs and benefits are concentrated	N/A	N/A	no provisions with these interests
	Costs are dispersed benefits are concentrated	Major	Support	Religious lobbying for vouchers causes loss of support from moderate Democrats
	Costs are concentrated and benefits are dispersed	Major	Oppose	Unions resist Bush because they distrust Republican party
	Costs and benefits are dispersed	N/A	N/A	no provisions with these interests
Institutions	Rules and standard operating procedures related to the process for setting goals	Minor	Oppose	Divided Government and ascendant congress contribute to failure of Bush to affect changes
	Rules and standard operating procedures related to the program operations intended to achieve those goals	Minor	Support	Assessments become an increasingly important aspect of the education policy dialogue
Information	Information about what the program is doing	N/A	N/A	Focus on state reforms rather than Title I
	Information about the program's mission	N/A	N/A	Focus on state reforms rather than Title I
	Information unrelated to the program, but germane to decision for other reasons, including information about the overall budget environment and about the need for the program	Primary	Support	A Nation at Risk eventually fundamentally changed the national dialogue

The era of new horizons effectively redefined the federal government's understanding of education policy. President Bush introduced a framework for national education policy that was based on achievement for all students, and which abandoned the ideological pressure for equality that had driven previous education reforms. President Clinton would continue in this vein, ultimately replacing a mindset of equality in favor of one focused on standards, performance, and accountability. This era also made clear the distrust of Republicans by teachers' unions and their strict opposition to vouchers, both of which Clinton would correct for in his own attempts at reform.

#### ESEA Standards, 1994-2000

President Clinton solidified the transition from the dominance of the ideology of equality to the ideology of standards, assessments, and educational outcomes for all students, and he took this idea a step farther by pushing to tie Title I funding to the adoption of such standards, though these links were not ultimately required or enforced as the Clinton administration implemented the changes. This era represents a new expansion of the federal role in education, driven by unified Democratic control of the government, an ascendant president, and a new coalition of decision makers that coalesced around the reframed ideology of standards and performance.

Clinton utilized the information from 'A Nation at Risk,' Bush's summit of state Governors, the framework of America 2000, and research from the Progressive Policy Institute to justify the shift in federal role to one that facilitates and oversees state standards for education. Although Clinton managed to get statutory language that made Title I funding dependent on the adoption of standards, that adoption was very flexibly interpreted and never strictly enforced.

President Clinton used the calls for quality and reform, buttressed by unified Democratic control of government, to successfully overcome opposition from teachers' unions, civil rights

groups, districts, and parochial schools, and to implement national goals and requirements for standards. In the process, he provided a benefit to states by granting them control of the standard-setting process and giving them the responsibility of imposing corrective actions on failing schools and districts.

It may be argued that Clinton's reforms merely represent a federal stamp on pre-existing state reform efforts. To some extent, this is true, as many states had begun implementing reforms in response to 'A Nation at Risk' during the President Bush's tenure. However, this era remains important for three additional reasons. First, it codified a set of national goals for education. Second, it required state assessments to implement those goals, which was not necessarily true for individual reform efforts that had occurred at the state level. Third, and perhaps more importantly, it served as a foot in the door for accountability requirements that would be added in the next era.

Table 6-19 Impact of Four Is on ESEA Standards, 1994-2000

<b>Decision Making Factor</b>	<b>Indicator</b>	<b>Strength of Impact</b>	<b>Direction of Impact</b>	<b>Description</b>
Ideology	Relationship of Federal, State, and Local Governments	Primary	Support	Federal role expanded in pursuit of quality
	The view of what it is appropriate for government to do vis-à-vis the private sector	N/A	N/A	no new consideration of parochial schools
Interests	Costs and benefits are concentrated	N/A	N/A	no provisions with these interests
	Costs are dispersed benefits are concentrated	Minor	Support	Teacher unions support training funds
	Costs are concentrated and benefits are dispersed	Major	Oppose	parochial schools complain about lack of vouchers
	Costs and benefits are dispersed	Major	Support	flexibility on standards allows for policy to be distributive
Institutions	Rules and standard operating procedures related to the process for setting goals	Major	Support	unified democratic government with ascendant president
	Rules and standard operating procedures related to the program operations intended to achieve those goals	Minor	Support	Use of many factors developed by Bush is familiar ground that aids in passage
Information	Information about what the program is doing	N/A	N/A	focus on what program *could* be doing
	Information about the program's mission	Minor	Oppose	Resistance to national goals and state standards in favor of current state-led arrangement
	Information unrelated to the program, but germane to decision for other reasons, including information about the overall budget environment and about the need for the program	Major	Support	A Nation at Risk and the Bush efforts help provide cover for Clinton's approach



## ESEA Testing and Accountability, 2002-2008

President George W. Bush, who had presided over the individual reform effort in Texas when he served as Governor of the state, would further expand the role of the federal government by introducing and exercising its coercive power over education policy. This ideological expansion of federal power was accompanied by the language of equality, and packaged in the wrappings of existing information and interest group alignments. Although President Bush had party majorities similar to those held by Democrats in the previous eras of ESEA, he chose not to exercise that institutional advantage to force through the law, quite possibly because he knew he would need support of Democrats to convince teachers' unions and state and local governments to go along with his proposed reforms after 9/11.

In negotiating the passage of the newly named No Child Left Behind Act (NCLB), five main decisions were made. Of primary importance was the decision to incorporate strong accountability measures into the law, which carried requirements for the receipt of federal funds as well as required corrective actions when Annual Yearly Progress (AYP) requirements were not met, including a requirement to consider charter schools. In order to achieve this centerpiece of Bush's proposal, he first had to sacrifice any push for vouchers, and the charter school requirement was added as an alternative form of school choice. In addition to decisions to add accountability, not push for vouchers, and expand charter schools, NCLB also required high quality teachers and came with massive increases in federal spending. All these changes were supported by citing reports that had studied the Texas model and reported on its apparent success.

The president was ascendant in the passage of NCLB, despite bi-partisan passage of the bill, and the use of many tenets that had been established by President Clinton decreased the level of institutional resistance to many of the changes. Further, President Bush built on the coalition of moderate Republicans and Democrats that President Clinton had created in order to

overcome interest group opposition, ultimately passing a law that reduced state and district power, offended teachers unions, and left out benefits for parochial schools. Similarly, divided civil rights groups were unable to mount sufficient unified opposition to impact the bill, because the support among some for certain provisions and opposition among others further fractured the coalition among disparate groups.

The passage of NCLB relied primarily on the factors of institutions and information. The same justification that Clinton had used to support IASA continued to be used to justify the need for overall federal involvement and reform, and the results from the Texas reform were used to show that accountability could produce results. Beyond that, the desire of Congressional Democrats to be involved in the reform led some institutional credibility to the reform. Finally, the entire institution of the national government banded together, after September 11, to show that they could continue to operate and make positive change. All these factors, together, moved the federal government a step beyond facilitating standards into a role of authority to ensure that such standards were actually achieved. This position was advanced by the Bush administration, even against growing opposition, throughout his presidency.

Table 6-20 Impact of Four Is on ESEA Testing and Accountability, 2002-2008

<b>Decision Making Factor</b>	<b>Indicator</b>	<b>Strength of Impact</b>	<b>Direction of Impact</b>	<b>Description</b>
Ideology	Relationship of Federal, State, and Local Governments	Major	Support	Expansion of federal role in pursuit of quality
	The view of what it is appropriate for government to do vis-à-vis the private sector	Minor	Oppose	Lack of vouchers raised some opposition among conservative Republicans
Interests	Costs and benefits are concentrated	N/A	N/A	no provisions with these interests
	Costs are dispersed benefits are concentrated	Minor	Support	Charter schools benefit from accountability provisions
	Costs are concentrated and benefits are dispersed	Major	Oppose	Teacher unions and states face costs of accountability measures
	Costs and benefits are dispersed	Minor	Support	Massive spending increases bring distributive benefits
Institutions	Rules and standard operating procedures related to the process for setting goals	Primary	Support	Ascendant President employs bipartisan strategy and is assisted by national focusing event of 9/11
	Rules and standard operating procedures related to the program operations intended to achieve those goals	Major	Support	Use of existing framework from IASA and President Clinton helped justify many of the policies
Information	Information about what the program is doing	Major	Support	Information on state failure to set challenging standards used to justify added accountability
	Information about the program's mission	Minor	Support	NCLB Framed using language about past goals of equality 'the soft bigotry of low expectations'
	Information unrelated to the program, but germane to decision for other reasons, including information about the overall budget environment and about the need for the program	Minor	Support	Texas School reform results used to justify accountability approach

## ESEA Modern Era, 2009-2012

The interests that had been circumvented by Clinton and Bush in the previous eras are now the driving force in the modern era of ESEA. NCLB has not been reauthorized on schedule, due in large part to the wide and varied opposition to many of the individual requirements of the law. All the major interest groups complained that they now face concentrated costs for which they do not get a sufficient benefit to justify their efforts and punishments, including a myriad of civil rights groups, who have seen that the burdens of ‘corrective action’ and unintended consequences have been disproportionately faced by minorities (Hirschland and Steinmo, 2003). Although the ideology of performance and educational outcomes continues to define the interactive dialogue that surrounds education policy, there is significant disagreement on how to define that goal and the individual metrics that support it.

Currently, the presidency appears to be ascendant in the modern era of NCLB, because Congress has been unable to take action due to sharp divisions within and among political parties in Congress. However, the decision by President Obama to begin issuing waivers to states so that they have more flexibility to deal with NCLB shows that state interests, teachers’ unions, civil rights groups, and parochial schools have all had an impact on the modern era of Title I.

Research since the passage of NCLB has obviated the shortcoming of the AYP approach, showing it to be inflexible and ultimately misleading as a goal. Further, evidence from the original Texas reforms, as well as state efforts, have shown that low performing students, especially minorities, were being forced to drop out of school in order to make test scores appear better, in addition accusations of ‘teaching to the test’ or cheating on assessments has been widespread. In addition, data gathered through NCLB has shown that the reforms have had a limited impact on increasing achievement or reducing the gap in scores for disadvantaged students. Further it has shown that punishing ‘corrective actions’ have done more harm than

good, while being disproportionately enforced in schools with high minority populations. In sum, all of this information uniformly points to the rigidity of NCLB and shortcomings of the reform.

Although all interests agree that quality is of prime importance in education policy, resistance to the specific terms of NCLB has been widespread among states, districts, schools, teachers' unions, civil rights groups, and other interests. This has been evidenced by states suing the federal government under claims that NCLB is an unfunded mandate, some states voting to reject NCLB funds so that they can retain control of their education systems, numerous publications by the NEA and AFT, and repeated testimonies by education interests about the failure of the policy to affect meaningful change. In response to these protests and to state requests for waivers from NCLB requirements, and citing inaction on the part of Congress, President Obama has decided to grant waivers to 11 states, and has received requests from 32 others.

Table 6-21 Impact of Four Is on ESEA Modern Era, 2009-2012

<b>Decision Making Factor</b>	<b>Indicator</b>	<b>Strength of Impact</b>	<b>Direction of Impact</b>	<b>Description</b>
Ideology	Relationship of Federal, State, and Local Governments	Major	Support	States demand increased flexibility and reduced federal reach
	The view of what it is appropriate for government to do vis-à-vis the private sector	Minor	Support	Parochial schools promote vouchers as NCLB alternative
Interests	Costs and benefits are concentrated	N/A	N/A	no provisions with these interests
	Costs are dispersed benefits are concentrated	N/A	N/A	no provisions with these interests
	Costs are concentrated and benefits are dispersed	Primary	Support	All three major interests complain about concentrated costs without sufficient benefit in return
	Costs and benefits are dispersed	N/A	N/A	no provisions with these interests
Institutions	Rules and standard operating procedures related to the process for setting goals	Major	Support	Ascendant President acting without Congress
	Rules and standard operating procedures related to the program operations intended to achieve those goals	Major	Support	Lack of program flexibility a driving force for demand of waivers
Information	Information about what the program is doing	N/A	N/A	Program metrics mostly ignored or refuted
	Information about the program's mission	Major	Support	Agreement on overall goal but disagreement on specifics a major cause for inability to pass reauthorizations
	Information unrelated to the program, but germane to decision for other reasons, including information about the overall budget environment and about the need for the program	Major	Support	Repeated studies of NCLB flaws support granting of waivers

In addition to granting NCLB waivers and pressuring Congress to reauthorize and change NCLB, President Obama has used the economic downturn as a way to influence elementary and secondary education. Although this is outside of Title I, it is important to understand that similar goals are being pursued through other means. Specifically, the American Recovery and Reinvestment Act (ARRA) of 2009 included a competitive grant program for states proposed by President Obama called Race to the Top (RTTT). RTTT closely mirrors some of aspects of NCLB, and is

*“designed to encourage and reward States that are creating the conditions for education innovation and reform; achieving significant improvement in student outcomes, including making substantial gains in student achievement, closing achievement gaps, improving high school graduation rates, and ensuring student preparation for success in college and careers; and implementing ambitious plans in four core education reform areas: 1) Adopting standards and assessments that prepare students to succeed in college and the workplace and to compete in the global economy; 2) Building data systems that measure student growth and success, and inform teachers and principals about how they can improve instruction; 3) Recruiting, developing, rewarding, and retaining effective teachers and principals, especially where they are needed most; and 4) Turning around our lowest-achieving schools (ED, 2009, p.2).”*

While RTTT was designed around a one-time piece of legislation meant as stimulus for an ailing economy, the Obama administration has suggested that capping NCLB funding and beginning to use RTTT for future legislation is their preferred strategy for funding education policy, as it grants flexibility to states to design reforms, awards funds competitively, and

devolves responsibility for accountability back to the states. This round of RTTT, however, is a pilot limited only to 12 states, and ignores the role of local education agencies in implementing these programs. A legislative strategy to support the RTTT approach would likely face opposition from states and districts who might not win a grant under a competitive process, would have to determine if parochial schools would be eligible to receive these funds, and would have to contend with state-specific information that may or may not aggregate into national goals.

#### Creation and Utilization of Performance Information in Title I Grants to States

The history of ESEA is marked with several references to information in major legislative actions, largely used to support preexisting opinions. ESEA legislation, likewise, contains repeated additions of language requiring assessments and evaluations, which are to be used in future decisions. Outside of ESEA reauthorization debates, government-wide requirements of information through the Government Performance and Results Act (GPRA), Program Rating Assessment Tool (PART) and GPRA Modernization have produced information relevant to Title I, but that information has had relatively little impact on government decisions. The following sections will examine these efforts in detail and attempt to identify how various actors in the decision making process perceived their value.

#### GPRA

As explained in Chapter 5, GPRA requires agencies to produce strategic plans, goals, objectives, and performance metrics. GPRA is generally focused on the learning function of performance management, and requires continuous measurement toward agency goals to be reported annually. The Department's draft plan in 1994 deferred to Congressional statute to specify its goals, listing GOALS 2000 to list all strategic goals. Within this framework, ED



developed four implementation priorities, one of which was related to Title I: “Help all students reach challenging academic standards so that they are prepared for responsible citizenship, further learning, and productive employment (ED, 1994).” Under this priority came 6 objectives, 4 of which were related to the adoption and use of standards. However, these tasks were all phrased in terms of supporting state efforts, with real responsibility left to states, rather than through imposition of federal control. As a result, the department had little authority to impose standards and decision makers found the resulting metrics to be of limited use. A final plan (ED, 1998), issued in 1998, had basically the same objectives, but added explicit requirement for reading and math standards at certain grade levels. This requirement, however, was voluntary, and most states did not need to adopt it to receive funds.

An updated strategic plan in 2002, under the terms of NCLB, simplified the strategic plan into 6 goals with 24 sub-objectives, but reduced Title I to only one of those goals, with 4 objectives. Each of these objectives were directly tied to performance, but were phrased so broadly that metrics communicated only limited information to decision makers (ED, 2002). Revisions in 2007 were more detailed, but included many provisions that had already become strongly contested among states and education interest groups, and which were ignored by most members of Congress.

Each iteration of the GPRA strategic plans and annual performance reports incorporated goals from the most recent iteration of the ESEA statutory language, but most of the individual objectives and metrics were developed under an assumption of presidential ascendancy. According to one interviewee, the result of this is that Congress appears to not consider annual performance reports under GPRA, either for budget decisions or for reauthorization debates. The

focus from Congress, according to the interviewee, was not on the progress that had been made, but on the progress that still needed to be made.

## PART

The PART assessment of Title I outcomes focused exclusively on the test scores of 3<sup>rd</sup> and 8<sup>th</sup> graders in the areas of reading and math, on the achievement gap of disadvantaged students on these tests, and on the progress towards reaching proficiency by 2014. The program scored relatively high on the assessment, getting 100% in the areas of program design and program management, and 88% in Strategic planning, but only 50% in program results.

These scores actually highlight some of the inherent limitations of PART, and in its tendency to ignore the role of Congress. For example, the question that caused an imperfect score in strategic planning was “Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?” The Agencies response to this question explained that the budget for Title I is an entitlement and is entirely dependent on the number of low income children in the districts, and that they have no authority to influence the funding formula, which is set statutorily. For this response, OMB gave the program a score of 0, accounting for 12% of their overall strategic planning score.

Title I performed poorly in the area of program results, according to the assessment. This was due in part to the fact that measurement of performance faces hurdles. For example, the program's score was reduced because some states chose to change their definition of AYP, and so measurements of scores under different definitions were not comparable. When asked "Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals?" the program responded that no comparable

program existed, and so they received another score of 0. This illustrated the unreasonable rigidity of a one-size-fits-all approach to performance management.

The Department, with support from teachers' unions and civil rights groups, challenged these evaluation results when Congress was considering appropriations. One Congressional staffer interviewee claimed that the results of the PART assessment were never considered in Congress for anything related to Title I, because the budget was primarily determined by the funding formula anyways. However, the experience with PART provides some insight into the assumptions of performance management, the challenges to generating useful findings, and the lack of utilization by decision makers, especially when Congress is ignored during implementation.

#### GPRA Modernization

ED released its first strategic plan under GPRA Modernization on April 2, 2012. The plan significantly reduces the agencies focus on Elementary and Secondary Education, dislodging it from ED's first priority in favor of higher education, and reducing it to two goals: increasing high school graduation rates and increasing the percentage of students scoring 'proficient' or higher on the 4<sup>th</sup> and 8<sup>th</sup> grade National Assessment of Education Progress (NAEP). These two objectives largely ignore that statutory framework of NCLB by excluding numerous objectives established by the law and by focusing on one national standard rather than the individually designed state standards. According to the plan, all the new goals and objectives are designed around a single presidential statement, "By 2020, America will once again have the highest proportion of college graduates in the world."

In later sections of the strategic plan, ED enumerates several sub-goals and metrics, many of which reflect some of the NCLB requirements and history, but openly challenges the statutory

language of NCLB as unrealistic. Perhaps predictably, no member of Congress has spoken on record about the plan (as of 4/15/2012). Given the timing of the plan, as presidential electoral politics are heating up, the Congressional response may not arrive until after the election has been decided.

### Summary of the Case

This chapter has presented the legislative history of ESEA and NCLB, has explored information that was utilized throughout that history within the four-I context of decision making, has described the relative importance of the factors of ideology, interests, institutions, and information throughout the 8 eras of ESEA's legislative history, and has examined the role of recent performance management reforms on the planning and decision making around Title I decisions.

Throughout the chapter, political conflict over goals has been a central theme, with technical conflict over measurement of those goals coming in a close second. As a result, interests, institutions, and ideology have consistently been shown to be the primary drivers of legislative decisions, with information often not involved in the decision, or involved only to the extent that it supports preexisting positions of the decision makers. This supports this study's first hypothesis, that information utilization will be decreased in the presence of conflict.

The regular use of information to support preexisting opinions, and non-use of information contrary to decision makers' beliefs provides substantial evidence against the validity of a rational/technical model of decision making. Similarly, large swings in the direction of the federal role (from expansion to retrenchment, from equality to quality, and from the federal government as facilitator to enforcer) cast doubt on incremental models of decision making for Title I. However, the ability of the four-Is to be considered in tandem and explain the

range of decisions that have occurred throughout ESEA's legislative history provides strong support for the second hypothesis of this research - that interactive theories of decision making are best suited to understanding the variety of decisions that occur in the federal government.

This research's second hypothesis is that performance efforts will be most successful in areas with low technical conflict, as represented by the ability to measure activities and outcomes. As shown earlier in the chapter, Title I is a program for which neither the activities nor outcomes are easily measured. Further, none of the three performance efforts considered in the final section of this chapter were shown to have any relevant impact on decision making surrounding the program, as expected by the hypothesis.

In summary, this chapter provides evidence in support of all three research hypotheses developed in the earlier chapters, further supporting the premise that bureaucratic type may be one predictor of the success of performance efforts. It also highlights the role of conflict in information utilization. Interestingly, the repeated requirements for evaluations in successive iterations of ESEA highlights an unexpected finding – that the existence of political conflict can spur a search for additional information, even as the utilization of that information tends to be limited to citing it in support of existing opinions. All of these findings, as well as those from the Direct Loan case, will be explored in the following chapter.

## CHAPTER 7

### POLITICAL AND TECHNICAL CONFLICT, AND BUREAUCRATIC TYPE: COMPARISON OF STUDENT LOANS TO TITLE I GRANTS

Chapter 7 will compare the evidence provided in chapters 5 and 6, in order to highlight areas of consistency and contrast between them. Like chapters 5 and 6, it will be split into five main parts: First, the historical development of the two will be compared, and then major legislative changes will be considered, followed by a comparison of the major eras of each case. After that, the chapter will examine the development of performance efforts and resulting utilization of performance information. Throughout these sections, the chapter will focus on the themes of information utilization, the role of the budget process in decision making, and on changes that occur within and among interest groups. The final section will summarize the cases and highlight the importance of identified similarities and differences between the cases to the research hypotheses as well as to a deeper understanding of decision making processes.

Chapter 5 examined the student loan programs under Federal Student Aid (FSA) within Title IV of the Higher Education Act (HEA). Chapter 5 showed that political conflict varied for student loan programs, with high points of conflict occurring over the ideological issue about the size of the programs, the institutional issue of how loan costs should be recorded, and the issue of competing interests, specifically with banks, guarantee agencies, and the higher education community. However, political conflict was generally low, which led to a small number of well-defined goals. Specifically, student loans are made primarily to improve enrollment in higher education. As a result of this clear goal, these programs generally have low technical conflict, reflected by the relative ease of defining and measuring the process of distributing and servicing loans as well as the goal of increased opportunity for college attendance, measured by enrollment rates.

Chapter 6 examined the grants to states and local education agencies (LEAs) distributed under Title I of the Elementary and Secondary Education Act (ESEA), now known as No Child Left Behind (NCLB). The NCLB programs have continuously had relatively high levels of political conflicts of ideology, interests, and institutions. This high level of conflict has led to multiplicity of conflicting goals. Further, within some of those goals, including improving student outcomes, there is also technical conflict. Specifically, for these goals, there is neither a consensus on the process – what will help improve student outcomes? – nor is there a consensus on how to measure the outcomes – graduation rates, grades, standardized tests, college attendance, future employment, or numerous other proximate outputs.

#### The Road to and Passage of HEA and ESEA: 1947-1965

HEA and ESEA were passed in the same year, and were connected by more than chronological overlap. Many of the issues discussed in chapters 5 and 6 impacted the passage of both acts, including demographic shifts, the Cold War, the civil rights movement, and the victory of President Johnson on his Great Society campaign platform, and his leadership in passage of the bills. The first three on this list defined the problems that needed to be addressed, and President Johnson attempted to provide answers. However, there were also specific details unique to the passage of each program, and it is through these details that a better understanding of how Johnson's attempt to answer these problems would ultimately be acted upon.

Demographic shifts in the United States after World War II set the stage for both HEA and ESEA. For the former, the baby boomer population represented a continued need for improved technology, agriculture, and science, in order to guarantee the health, safety, and security of the population. Similarly, the growth in college educated Americans resulting from the GI Bill and the National Defense Education Act (NDEA) began to develop the perception of

the importance of higher education to be competitive and successful in the American economy. For ESEA, the baby boom, combined with compulsory education laws, represented an immediate need to invest in infrastructure and teachers to ensure that the population of school aged children, which grew by 12 million students in only ten years, could still receive a quality public education.

The Cold War had a direct impact on the passage of HEA. The GI Bill represented early attempts to provide a higher education to a larger group of Americans, so that the US could remain competitive with the Soviet Union in math, science, and military education. The launch of Sputnik in 1957 resulted in an increased American desire for education, igniting the space race and resulting in the near immediate passage of NDEA. This competition with the Soviet Union would ultimately generate extensive public support for higher education that eased the passage of HEA. Meanwhile, the impact of the Cold War, at least initially, resulted in opposition to federal involvement in elementary and secondary education, represented by President Eisenhower's fierce opposition to the socializing forces of nationalized education policy. This opposition was not overcome, but instead circumvented by ESEA, with the inclusion of general provisions restricting the federal government's ability to control curriculum, administration, personnel, or instructional materials under section 605 of the general provisions of the act.

The Truman Report in 1947 called for equal educational opportunity regardless of race, creed, color, sex, national origin, or ancestry, and this call for equal educational opportunity was also represented in the civil rights movement. President Johnson used both grants and loans in Title IV of HEA in an attempt to provide the grants to the most disadvantaged, but to offer loans to the middle class in an attempt to gain broader support for the program. As a result, Federal support of educational opportunity continues to be divided between grants and loans, and one of



the primary goals of FSA continues to be attempting to improve enrollment rates for disadvantaged students relative to their counterparts. Because of the intensity of political conflict over segregation, the Civil rights movement has a much greater impact on the passage of ESEA. Prior to 1965, the Powell Amendment had to be attached to every education bill, which would result in the loss of support from many southern members of Congress and ultimately led to the defeat of several bills. The Civil Rights Act of 1964, by incorporating the Powell Amendment into all federal funding, ended this problem. In addition, while Title I was geared toward helping disadvantaged children, it avoided further issues of race by tying assistance to an objective formula based on family income.

The involvement of banks and guarantee agencies were unique to the passage of HEA. Student Loans under NDEA had created some competition for these interests, but the proposed guaranteed loan approach had not initially won their support. President Johnson had to reassure and convince banks and guarantee agencies that these loans would be beneficial to them. He did so by using the Gardner report to show that there was a demand for loans among students who could not otherwise attend college, but also by convincing them that the resulting loyalty to the bank would provide continuing returns from the students' financial business after graduation. This represents a relatively minor impact of related interests on the final bill. Ultimately, the confluence of need, defined through demographic shifts, Cold War pressures, and the Gardner report with the ideological victory of Johnson and the great society, the eventual agreement of bank and guarantee agency interests, and the use of existing institutional arrangements to deliver loans resulted in the graduated student loans in the original passage of HEA.

For ESEA, ideology and interests played a larger role in the conflict leading to and the eventual passage of the bill. Specifically, three ideological schisms had to be reconciled: (1) the

issue of federal versus state and local control of education, and (2) the involvement of religious institutions in education, and (3) the issue of civil rights<sup>22</sup>. Each of these ideological issues also had to contend with the interests of school administrators, teachers unions, and civil rights groups. Whereas Johnson only had to convince banks and guarantee agencies that the proposed loan approach would be beneficial to them, for ESEA he had to rely on Congress and his commissioner of Education to negotiate and develop compromises for each of the political constituencies involved, which varied across the US. As a result, student loans were relatively singularly focused and had a clearly defined purpose, while ESEA contained a patchwork of goals and requirements designed to meet some of the interests of each group. These differences will be highlighted in consideration of the number and content of the titles in each law, discussed in the following section.

### The Titles of the Acts

HEA and ESEA each originally had five titles, but ESEA added a few more in the ensuing years. For HEA, Title I and Title II were considered extensions of the existing land grant programs of general aid, Title III provided additional aid to Historically Black Colleges and Universities that had been created under the land grant acts, Title IV established the new federal aid programs to individuals, and Title V was a teacher support program that was ultimately included because Senators Kennedy (D-MA) and Nelson (D-WI) could not get it passed as part of ESEA, and because teachers' unions did not play the same role in the passage of HEA that they had in ESEA. Title IV was the only one of these titles that was debated at length during passage, and then only to resolve the initial opposition from banks and guarantee agencies.

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<sup>22</sup> As mentioned earlier in this study, ideological conflicts and interest groups are often intertwined, as interest groups form to protect and support given ideologies.

ESEA, on the other hand, was rife with conflict over all titles, each of which won support through benefits provided by other titles or provisions within the title to benefit particular ideological or interest constituencies. Title I was the largest part of ESEA, and contained provisions to try and win support from various constituencies. Specifically, it promoted local control by giving districts the individual responsibility to develop Title I program proposals and promoted state control by giving state officials the authority to approve those proposals. It attempted to appease parochial interests by offering services to parochial school students, but attempted to appease teachers unions by limiting them and requiring those services to be provided at the public schools and not by religious instructors. It benefited civil rights groups by giving large sums of money to disadvantaged students, but sidestepped opposition of racial issues by distributing that money through an impact aid formula which was not tied explicitly to race. It also was able to avoid many of those basic issues because they had already been addressed by the Brown v. Board Supreme Court decision and the Civil Rights Act of 1964.

The appeasements in Title I were not sufficient to achieve passage of ESEA. To get the bill passed, the provisions about teacher training had to be dropped (where they became Title V of HEA) to reduce opposition from teachers' unions, Titles II, III, and V provided funding directly to states to win their support for Title I and Title IV, and Title II also provided funds to religious schools, further buttressing their support for the act. Where opposition remained, general provisions were used to ensure that support from other interests would lead to the bill's passage.

Differences in the political conflicts that drove the two bills are reflected in differences of program design, as demonstrated by application of Salamon's four dimensions from the Tools of Government, in the two case programs, as shown in table 7-1. The design of student loans is

different whether you are considering the issuance of the loans, or the eventual default of some loans. In the table, each dimension is given two ratings, one for each of these stages. In this situation, the ease of loan issuance, including low levels of federal coercion, direct involvement, and visibility, along with the high degree of automaticity, actually contributed to the easy passage and helped to set the expectations for implementation of the program by banks. The resulting low conflict at passage, however, allowed the design for federal collection of defaults to be more coercive and direct, but requires new administrative processes, so was low on automaticity. Because the group impacted by this direct, coercive involvement is relatively small, the level of visibility remains low in the default stage. In contrast to student loans, the high degree of conflict over ESEA drove the entire program design, which resulted in a federal program that was highly limited in its ability to coerce and in its level of direct involvement, and which highly relied on the existing local educational structure for implementation. Despite the limitations on federal power, political conflict kept the program highly visible.

Table 7-1 Dimensions of Program Design in Both Cases, 1965

<b>Dimension</b>	<b>FSA Loans from HEA</b>		<b>Title I Grants from ESEA</b>
	<b>Distribution of Loan</b>	<b>Enforcement of Defaults</b>	
Coercion	Low	Medium	Low
Directness	Low	High	Low
Automaticity	High	Low	High
Visibility	Low	Low	High

This shows that the political conflicts surrounding policy adoption decisions have a direct impact on the design of those programs. At their passage in 1965, political and technical

consensus about the need for aid in higher education led to a clearly defined goal for the student loan programs that created some power for the federal government to directly impose policy and use coercion, while high levels of political conflict over ESEA resulted in a law that largely limited federal influence.

### Major Legislative Changes

HEA and ESEA each underwent several legislative changes after enactment. Almost all of the major changes to HEA came through regularly scheduled reauthorizations. Of eight such reauthorizations, all but one was passed without the need for an extension. ESEA, in contrast, was amended and reauthorized more sporadically over the period, including amendments in each of the first three years after its passage. ESEA has been amended twelve times since its passage, with 1 delayed reauthorization in 1999, and ongoing (as of May 2012) delays in the 2010 scheduled reauthorization. The following section will descriptively present a selection of legislative changes relevant to Federal Student Aid (FSA) under HEA and Title I under ESEA that have occurred since each bill's passage, including information created and utilized in each of those decision processes.<sup>23</sup>

### Changes during the Johnson Administration

Major legislative changes came for both FSA and Title I before either program was fully implemented. In both cases, President Johnson had led the charge to get the bills passed, but the supermajorities of Democrats in Congress took control for the ensuing changes. The unified government and alignment of political party ideology mitigated the impact of ideological and institutional issues for both programs.

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<sup>23</sup> While every change was discussed individually in chapters 5 and 6, this would make comparing the two programs difficult, since changes occurred in different years. For that reason, the following sections will organize these changes under each presidential administration since 1965. In addition, because the four I's will be discussed in detail in this section, the following section on the Era's of each program will focus on more high level comparisons.

For FSA, interests and information both impacted initial decisions. Specifically, to appease banking interests, the Graduated Student Loan (GSL) programs were expanded and monthly student repayment minimums were established; to appease guarantee agencies, the law authorized them to receive advances for defaulting students. In addition, information showing that students were being asked to repay before they had an opportunity to become employed led Congress to give guarantee agencies the ability to grant deferments to students.

For Title I, early amendments impacted funding formulas, the definition of low-income, LEA eligibility criteria, and grant limits. Many of these changes were a result of learning from early experience and challenges of implementation. Funding formula changes resulted from information that challenged the validity of using Census data, which was more than 5 years old, to calculate impact aid allotments. The definition of low-income was changed to provide additional benefits to certain interest groups, including civil rights groups and low-to-middle income families. Further, eligibility criteria were added to provide benefits to other interests, including groups representing children with disabilities and migratory children. Unlike FSA, Title I also experienced changes that harmed interest groups, particularly state officials, whose use of funds for administrative purposes was restricted.

#### Changes during the Nixon Administration

President Nixon was elected in 1968, ending the Johnson era of unified government. The Democratic majorities, however, remained in control of both houses of Congress during his administration. As a result, institutional conflict between the branches was an important factor during this period. HEA was reauthorized once during Nixon's administration, while ESEA was amended twice. While the period of Nixon's administration provides a useful time period for comparing the two programs, the evidence presented in chapters 5 and 6 suggests that Congress

was ascendant in policy changes during this period, and their alignment on partisan issues reduced the role of ideological conflict in decision making. During the period in HEA's history, interests were able to continue extracting benefits through FSA, and information was used to make modifications to related GSL provisions. At the same time for ESEA, information had a limited role, and conflict among interests was associated with limited changes to Title I.

Changes to FSA in the 1972 reauthorization benefitted banking, higher education, and state interests. Banks reaped the benefits of continued expansions to GSL eligibility, which added to their profits. Even though banks had initially expressed concerns about the impossibility of profitability to President Johnson in 1965, they would start to defend this benefit fiercely in the following years. Higher education interests also increased their profits due to the increases of revenue from students receiving the loans and expanded grants. States benefitted from the establishment of State Student Incentive Grants. Guarantee Agencies benefitted from the creation of Sallie Mae, which could provide guarantees for particularly risky student loans. By providing benefits to all of these interests, the Democratic Congress was able to generate sufficient support to expand the grant programs and pursue their ideological goal of reducing inequality, a preexisting position which they also justified by citing studies that cost was still the largest barrier to college access. During this time, however, information about the inequality resulting from State allocation formulas also led to a technical change to the formulas to ensure equitable funding for students contingent on their income, rather than the institution they attend.

For Title I, conflict was high in all four Is during the Nixon administration. Information on the effectiveness of Title I was sparse, and the only agreement about the program's impact was that not enough was known. This led to requirements for evaluations being added to both the 1970 and 1974 amendments, and to the establishment of the National Center for Education

Statistics. These requirements highlight the fact that information does not only impact decisions, but decisions may impact what kind of information is available. In addition, compelling evidence that states and local education agencies (LEAs) were reducing their own funding for education and replacing it with federal funds led to an amendment to the law that required the federal funds ‘supplement, not supplant’ funds from states and LEAs. Institutional, Ideological, and Interest-based conflict over segregation resulted in limited legislative activity during the period related to the distribution and size of the population receiving Title I benefits. However, civil rights groups made progress during the period, led primarily through judicial decisions that promoted integration.

#### Changes during the Ford Administration

Like President Nixon before him, Ford presided over a Democratic Congress. However, very little changed for either program during his Presidency. HEA was reauthorized in 1976, expanded through the same alignment of Democratic Party ideology and benefits for Banks and Higher Education interest, but with a reduced scope when compared to earlier reauthorizations. Meanwhile, ESEA Amendments of 1974 had passed Congress during Nixon’s presidency, but were signed by President Ford 12 days after he was sworn in, and no other amendments were passed during his administration. However, by the end of his administration, budget issues had begun to surface in the political dialogue, and they would come to dominate many of the decisions in the following administrations.

#### Changes during the Carter Administration

President Carter’s election in 1976 re-unified Democratic control of the Presidency and Congress. Although HEA was only legislatively changed twice and ESEA once during his administration, the changes to each act were substantial. At first, each act was expanded based on



the institutional alignment and lack of partisan conflict, with support from various interest groups. The second change to HEA during the Carter Administration, however, signaled the beginning of a new ideological divide for both programs, which would persist in the following periods. Specifically, the rising costs of the program and contracting federal budgets ushered in legislative changes based on policy were displaced and where budget and the size of government became the prevailing issues. Decisions about the programs began to reflect budget priorities more so than education priorities.

The contrast between the two changes to HEA during the Carter Administration is stark. In 1978, banking and higher education interests successfully lobbied, using polls of middle income families that showed they were being squeezed out of the GSL program, for the Middle Income Student Assistance Act, which removed income requirements for the GSL program. The resulting explosion of costs was the primary factor under consideration when HEA was reauthorized in 1980. Specifically, reports and budgets showing the massive increases in federal GSL spending persuaded lawmakers to enact a series of changes to the law to attempt to slow the growth in program costs, which interests saw as the loss of an existing benefit. This represents the first time that legislative changes to HEA did not provide additional benefits to at least one of the interests.

During the Carter Administration, ESEA was similarly expanded. However, the reigning in of costs would not occur until Reagan's election. In 1977, Title I created schoolwide programs to expand the reach of funds, and established several new programs, representing an expansion of scope and cost that benefitted states, teachers unions, and civil rights groups. Although it did not lead to specific sections of law, information also played an important role during this period for ESEA. Whereas the impact of Title I was seen as a mystery in previous amendments, 1977

relied on the NIE studies of compensatory education, led by Paul Hill, which had been mandated in those previous amendments. The Hill evaluations provided supporting information for some of the changes that were enacted, but also served a larger purpose. Specifically, the inability to judge the impact of Title I had created concern among lawmakers that the program was too complex to understand and that it could not be relied upon as the vehicle for federal education policy. Some lawmakers had even proposed eliminating and replacing it, a task for which there was questionable political will to support. Instead, the compensatory education studies from Hill showed that the programs composite parts could be studied independently to give a sense of the impact of the program. This, in turn, reduced technical conflict and eased the passage of additional Title I programs in the 1977 amendments.

#### Changes during the Reagan Administration

The Reagan Administration presided over multiple legislative changes to both HEA and ESEA. Most of these occurred with a Republican Senate, but a Democratic House. However, the last of the changes to HEA occurred after Democrats regained control of Congress. Because of Democratic control of at least one house during the period, institutional conflict between the branches was relatively high, and only heightened when Democrats took over the Senate. This is also the first time a Republican president could impact either act with support from their party controlling either house of Congress, and conflict surrounding the ideological issues of state control and support for parochial schools had a stronger role as a result. This increase ideological and institutional conflict also reflected a high level of conflict among interests during the period. However, HEA and ESEA were impacted differently by information during this period. Continued exponential increases in GSL costs dominated the 1981 and 1986 changes to HEA, and almost all the changes therein were aimed at reducing the costs of GSL programs.

Meanwhile, the groundbreaking report, “A Nation at Risk,” which would eventually redefine the entire debate around ESEA, was largely ignored.

In 1981, President Reagan successfully won changes to HEA by incorporating them into the budget reconciliation act. Passage of the act was dominated by considerations of cost information that had been released about GSL loans, and provided cover for reinstitution of family income limits. This did not stall the growth in program costs, and the 1986 reauthorization, as a result, focused on additional changes to GSL programs aimed at controlling costs, without substantial changes related to ideology, interests, or institutions.

Changes to ESEA, in contrast, seemed to ignore or even contradict available information during the Reagan Administration. The first change also occurred within the 1981 budget reconciliation act. By putting the reforms into the budget process, Reagan successfully created pressure to pass the bill, which gave him some flexibility in modifying the program, including changing Title I grants from categorical to block grants. However, continued political conflict prevented these changes from taking full effect, and the implementation of Title I changed only incrementally. In 1984, after the release of “A Nation at Risk,” Reagan praised the study for findings and conclusions it did not contain, and attempted to pass further revisions to ESEA in line with those findings. The 1984 amendments, faced with continued political conflict, made only limited changes to ESEA. Finally, in 1988, just prior to the end of the Reagan Administration, the dialogue surrounding ESEA began to change. While the content of the discussion was shifting, driven by “A Nation at Risk,” the continued political conflict prevented any substantial change to the law.

### Changes during the George HW Bush Administration

Despite aspirations to be an education president, changes to HEA and ESEA were limited during George HW Bush's presidency. Like President Ford, very little changed for either program during his Presidency, which was also dominated by an ascendant, Democratic Congress. The major issues for HEA during his presidency were dominated by information, including a change to budgeting rules that exposed the true costs of the GSL program and studies suggesting the viability of direct loans. During this time, the Democratic Party was once again able to work with Bank and higher education interests to expand GSL programs. By comparison, conflict among the other 3 I's led to limited, incremental changes to ESEA. However, despite those limited changes, the first Bush administration was responsible for creation of information and reframing of the political dialogue surrounding ESEA which would later lead to changes under the Clinton and second bush Administrations.

### Changes during the Clinton Administration

The early years of President Clinton's two terms, with unified control of both houses by Democrats, marked a major shifts for ESEA. Changes to HEA and ESEA later in this period were more limited. For HEA, examination of the four Is shows that political conflict, particularly ideological conflict over the role of the federal government, was an obstacle to changes to GSL despite technical consensus that those changes would be improvements. For ESEA, the early success of President Clinton reflects a building of political consensus, not only within his party, but also along the emergent boundaries that were created as a result of "A Nation at Risk." Stalemate later in the period over ESEA reflects the Republican Takeover of Congress and the ensuing political conflict.

HEA was changed three times during the Clinton Administration. In 1993, by taking advantage of support from the Democratic Congress, and by utilization of the budget as a vehicle for enacting change, Clinton was able to firmly establish the roots of a permanent direct loan program, which had been limited to a pilot in 1992. By putting the program into a budget bill, Clinton made it harder for Republicans to resist, as failure to pass a budget could lead to a shutdown of the federal government. Despite agreement that direct loans would be more cost effective than GSL, expansion of the program was resisted throughout the rest of President Clinton's administration, based mostly on the ideological argument that the federal government should not actively be managing loans, lobbied for by banking interests. In 1997, with momentum from the Republican takeover of the Congress, tax credits, which had been rejected multiple times since 1965, were incorporated into HEA, even though several reports had demonstrated a technical consensus opinion that they would be regressive and would not be cost-effective. Finally, in 1998, political conflict between Congress and the President resulted in limited changes to HEA, which were minor and incremental.

ESEA had three important moments during the Clinton administration, only two of which reflect amendments to the law. In 1994, through successful consensus building based on the groundwork laid by President George HW Bush, President Clinton was able to successfully pass Goals 2000 and IASA, both of which represented a shift in the overall goal of Title I from equality for disadvantaged students to effectiveness for all students, and which changed the role of the federal government to be more active in education policy. Like they had done with HEA, the newly elected Republican Congress attempted to force through a political change to ESEA, but President Clinton's veto of the budget and subsequent shut-down of the federal government prevented the changes from occurring. In 1999, when ESEA was set to be reauthorized again, the

continued political conflict resulted in an extension with no changes, leaving ESEA to be handled under the next administration.

### Changes during the George W Bush Administration

There are four legislative changes to HEA and two to ESEA during the George W Bush presidency, a period marked by relative competitiveness between the parties in Congress. However, these numbers do not reflect the significance of changes in the two programs. The changes to HEA were made in three individual pieces of legislation, which taken together represent one modest reauthorization to the program, and a related act, which was more focused on economic conditions than it was on HEA. In comparison, the first change to ESEA, the enactment of No Child Left Behind, represents the largest shift in the federal role in education policy since 1965, and the reauthorization in 2005 reflects some level of backlash against this change.

Political conflict over HEA was high during the second Bush Administration, with ideological conflict over the role of the federal government in providing direct loans, conflict of interests marked by fraud investigations into the relationships between banks and the higher education community, and institutional conflict arising from divided government. As a result the four changes to HEA during the period represent small, incremental changes to the FSA programs. The first three acts represent an (eventual) 2008 reauthorization of HEA in which the margins of the program changed in limited ways. The fourth act, the Ensuring Continued Access to Student Loans, was more meaningful, but circumvented many of the political issues because it was driven by economic considerations (driven by information in economic reports) and because it was drafted by finance, rather than education committees. As a result, something similar to direct loans was implemented, despite continued political conflict over that program.

Passage of NCLB in 2001 resulted from a confluence of ideological and institutional consensus driven by the coalition that had been built by President Clinton and by the collaborative work between President Bush and key Democratic members of Congress, and by additional support marshaled by President Bush that was derived from his experience implementing similar reforms as Governor of Texas. The alignment of ideology, institutions, and information successfully overcame all four of the powerful interests that had, up to this point, been critical in almost all of the proposed changes to ESEA: states, teachers' unions, competing civil rights groups, and religious schools. All four had voiced opposition to NCLB before its passage, and the bill still passed both houses of Congress with about 90% of members in favor, and without a resolution of that opposition. This was partially because of partisan alignment, partially because of institutional alignment resulting from a response to 9/11, in which this legislation became a symbolic act to show that Congress could continue passing positive legislation. By 2005, the state interests, teachers' unions, and civil rights groups had regained their influence, and had produced information that showed the shortcoming of NCLB, which eroded at the overwhelming support for the program in 2001, and led to the administration granting some flexibility for states to implement the law. However, continued political conflict meant that further legislative action would not occur during George W Bush's presidency.

#### Changes during the Obama Administration

President Obama's 2008 election once again created unified Democratic control of the government, once again easing the institutional conflict surrounding both programs. However, the financial collapse of 2008 and ensuing attempts at recovery dominated the political landscape and, for the most part, left education as an unaddressed issue. While HEA did undergo a major

change, it was implemented through a change in health care policy. Meanwhile, there were no legislative changes to NCLB, and the recent issuance of waivers is incremental in nature.

In 2010, owing to information estimating the reduced costs of direct loans, pressure on the budget from the financial collapse, and President Obama's use of the cost savings to reduce some of the costs of his landmark health care reform bill, all student loans under FSA were changed to direct government loans, despite continued opposition to the federal role in directly issuing such loans instead of banks.

In 2012, President Obama began issuing waivers to states based on the successful lobbying of state interests, which continued to present compelling information about the shortcomings and issues related to NCLB. Meanwhile, Republican control of the House and institutional conflict between the President and Congress have led to a stalemate in ESEA's reauthorization, which has prevented any more substantial changes from occurring.

#### The Eras of HEA and ESEA

Table 7-2 shows that, over time, HEA and ESEA have experienced some of the same types of changes, but the timing of those changes was not always aligned. Specifically, HEA was able to expand for longer than ESEA, but both contracted throughout the 1980s. The early 90s saw a shift in how both programs were discussed in the political dialogue, which led to fairly immediate changes for ESEA, but resulted in delays for HEA, which only changed as a result of unrelated economic issues. Those issues had the opposite effect on ESEA, consideration of which was delayed during that period.



Table 7-2 Timeline of HEA and ESEA Eras

Period	HEA	ESEA
1965	Passage + Expansion	
1970	Expansion	Regulation
1975	Expansion	Regulation
1980	Contraction*	
1985	Contraction*	
1990	Foundational Reframing*	
1995	Delay	Expansion
2000	Delay*	Expansion
2005	Delay	Expansion*
2010	Expansion	Contraction*

\*Indicates periods in which there were failed reauthorizations or use of appropriations bills to impact the laws.

If we track these time periods to the administrations discussed in the last period, it shows that HEA and ESEA shared a similar path during the Johnson Administration. Both bills were passed as a part of the Great Society programs and both experienced expansion throughout Johnson's presidency. For HEA, this expansion continued until the end of President Carter's presidency. Meanwhile, conflict in ESEA led to restrictions beginning during the Nixon Administration to more narrowly define the program, and this restriction persisted while HEA continued to expand. However, the growing costs of the federal government and downward pressures on the budget related to the economy in the 1980s led both programs to contract over the course of the decade through the Carter and Reagan presidencies. Similarly, both programs began to be redefined in the 1990s by Presidents George HW Bush and Bill Clinton, with ESEA exhibiting the more dramatic change, related to political realignment around the findings of "a Nation at Risk." Meanwhile, changes to HEA in the 1990s are more reflective of the laying of the foundation for future change, based on creation of the direct loan program. Under President George W Bush, HEA remained relatively stable, while ESEA greatly expanded. Under President Obama, HEA has begun to expand and ESEA has seen a small contraction.

## Comparison of the Creation and Utilization of Performance Information in the Two Cases

As shown above, the creation and utilization of information has had an important role in the histories of HEA and ESEA. For HEA, information was partly responsible for budget related contractions in the 1980s, for modifications to lending formulas, and for a fundamental shift from a GSL approach to a direct loan approach. For ESEA, information highlighted eligibility formula limitations, obviated the need for controls on state and local use of funds, and spurred the paradigm shift in federal education policy from one that promoted equality for disadvantaged students to one that promoted accountability for the performance of all students. This section will show that federal efforts to produce performance information have also impacted both programs, as was shown in chapters 5 and 6. This section will compare the evidence from those two chapters to show how the Government Performance and Results Act (GPRA), the Program Rating Assessment Tool (PART), and the GPRA Modernization Act (GPRAMA) have each influenced decisions about FSA loans and Title I grants, and where their impact has been more limited than expected.

### GPRA

Because GPRA creates requirements at the departmental or agency level, the Department of Education's (ED) efforts to comply with GPRA have implications for both HEA and ESEA. At this point, it is useful to provide slightly more information about the original development of the strategic plan than was provided in earlier chapters<sup>24</sup>. The development of the first strategic plan occurred during a tumultuous time for ED. In 1993, the General Accounting Office (GAO) issued a report that highlighted extensive shortcomings in the department's management, which created a strong incentive for ED to make comprehensive reforms. In addition, GPRA was

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<sup>24</sup> This section draws on Ginsburg, et al. 1997

passed in 1993, and the National Performance Review (NPR) was simultaneously creating pressure to reinvent government and improve agency management. The 1994 passage of Goals 2000 capped off all of these pressures by providing a set of priorities, dictated in legislation, upon which the department could craft its strategic plan.

The Department drew on its experience from other performance efforts to develop its strategic plan and performance metrics, including the Planning, Programming, Budgeting System, Management by Objective, and Zero-based Budgeting (Ginsburg, et al., 1997), and attempted to begin the reform from the bottom-up. The result was a collection of individual proposals from programs that failed to present fundamental restructuring or change, along with requests from offices for more guidance from higher levels in the organization, resulting in the creation of 13 goals being communicated back down to the individual offices. The first draft of a strategic plan using these goals was unwieldy, and the Department reworked the 13 goals into 4 priorities that would become the main priorities in the first, and several successive, strategic plans. Of these four, the first priority was driven primarily by Title I and the third by FSA. These goals were driven by different assistant secretaries that oversaw the Office of Elementary and Secondary Education and the office of Federal Student Aid, respectively. In a strategic decision, the department decided, even as the first plan was finalized, to give it the title of ‘working document,’ to reduce opposition from offices who were reticent to undergo major changes.

In 1997, the Department issued a report detailing its experience developing this plan (Ginsburg, et al., 1997), which provides additional detail about the development and execution of the plan, which can provide a more thorough history than what is shown here. That document, however, lists some of the early lessons learned, which are important to this chapter’s consideration of the impact of GPRA on FSA and Title I. Specifically, the report showed that the

first strategic plan had successfully provided a broad vision and direction, but had not successfully provided detailed instructions for implementation or the development of specific metrics. Further, it revealed that individual programs had ‘legitimate concerns’ about shared responsibility for performance indicators. Specifically, many program officials had expressed concern that they were being held accountable for results they could not control, for which the report proposed that shared responsibility over outcomes, and requirements to gather indirect results, without being accountable for those results, could bridge the gap.

As mentioned above, the Department’s strategic plan listed four objectives, the first of which emphasizes Title I and the third of which emphasizes FSA. The second goal is related to school-to-work programs and the fourth to management issues that applied to the entire department. As two of the largest ED programs, it isn’t surprising that FSA and Title I have such a defining influence on the department’s priorities. With minor modifications, the priorities related to FSA and Title I appeared in all four ED strategic plans under GPRA (1994, 1998, 2002, and 2007). When Dick Armey (R-TX) reviewed all agency strategic plans in 1994 (Radin, 1998), the draft plan, like every single 1994 plan, was rated as failing (CRS, 1998). However, the second ED strategic plan was rated by Armey again in 1997, and was one of two agencies that received passing grades (CRS, 1998). Despite this favorable rating, the plan was not substantially utilized in Congressional decision making. This is likely because the ratings by Representative Armey and his Republican colleagues did not acknowledge the political judgments that were made to complete these rankings (Radin, 1998), and this rating information was ignored by the opposing party.

For FSA, the 1994 strategic plan introduced a main priority to ‘ensure access to high-quality postsecondary education and lifelong learning.’ Within this priority, the first objective

was to ‘remove financial barriers by providing an appropriate combination of grants, loans, and work-study funds to enable all students at all income levels to finance postsecondary education.’”

This goal reflects the primary goal of FSA, access, and it is relatively easy to measure activities that support this goal, as well as progress toward the goal. In 1998, the revised plan added an objective that ‘postsecondary student aid delivery and program management is efficient, financially sound, and customer-responsive.’” This secondary goal also has relatively easily measured activities and outcomes, which are the responses to customer satisfaction surveys.

Versions of these two requirements also appeared in the 2002 and 2007 strategic plans.

Congressional utilization of performance information drawn from these metrics has been limited, but did result in a legislative change in 1998. Specifically, the 1998 reauthorization, in addition to changing the period before a default was reached, contained a provision that was recommended in the Departments annual performance report. Specifically, the report included metrics on student default rates, which were estimated at approximately 20%. As a result, the plan recommended that the agency get the authority to eliminate bankruptcy as an option for discharging student loans ‘in order to save government resources and provide for more equitable treatment of borrowers.’” The bankruptcy code was changed in 1998, partially in response to this suggestion, but also with support from banks, eliminating the ability for students to discharge student loans through bankruptcy.

Within FSA, the strategic plan was used as a basis for an annual strategic plan, which FSA was required to create when they were deemed a ‘Performance-Based Organization’ (PBO) in 2004. The Annual plan and metrics, as of this writing, were used as a starting point for measuring this priority in ED’s strategic plan, and are used by FSA to make implementation changes to improve performance. For example, an FSA official reported that the performance

metrics from the annual plan had resulted in modifications to loan servicing contracts and standard operating procedures for customer service.

As described in chapter 5, one strategic goal established by political appointees in ED, college completions, has been resisted by FSA since its introduction in 1998. As the 1997 ED report stated, officials in FSA opposed these measures on the grounds that they do not have control over the outcome. As a result, FSA annual strategic plans do not contain goals or metrics related to these measures, and the progress on implementing these requirements has been limited and incremental.

For Title I, the stability of the department's priority belies the consistent change occurring in specific goals and performance metrics. The 1994 priority had 6 objectives, and several more were added in 1998. As a result of the entry of the George W Bush administration, 2002 saw larger changes based on the passage of NCLB, which reduced the 8 objectives into 6, but introduced 24 sub-objectives that rearranged, combined, and added to the various metrics that had been introduced by ED in previous strategic plans. In 2007, minor changes were made, expanding upon President Bush's priorities.

These changes show how executive-centric the development of plans for Title I have been, and how the political appointees used these iterations of the GPRA strategic plans and annual performance reports to incorporate goals from the most recent iteration of the ESEA statutory language. According to one interviewee, the result of this is that Congress appears to not consider annual performance reports under GPRA, either for budget decisions or for reauthorization debates. The focus from Congress, according to the interviewee, was not on the progress that had been made, but on the progress that still needed to be made. As a result, the plans tend to reflect existing presidential policy preferences. However, they do not appear to

have led to any substantive legislative or administrative changes to the actual implementation and operation of the Title I programs.

## PART

Like the Elementary and Secondary education priority in the ED strategic plan, the implementation of PART for both programs was grounded in the assumption of presidential ascendancy. This implementation, which largely ignored Congress, suffered from the lack of utilization that has been common among this type of performance effort since PPBS in the 1960s. However, in one area of FSA not related to the main program goals, PART did make a demonstrable impact.

PART primarily evaluated FSA against enrollment and completion metrics. The former set of metrics already existed in the strategic plans and were repetitive of existing knowledge, while the latter reflected the preferences of the Bush administration to evaluate outcomes. As with GPRA, these measures were resisted by FSA and ignored by Congress, as evidenced by a lack of internal metrics on completion and a lack of completion-related changes to the law. However, a question about costs in the PART assessment revealed that most of the FSA subsidies were going to students who had already graduated. This revealed an opportunity to evaluate those benefits and restructure them in such a way that FSA programs were able to target more funds toward students currently enrolled in school, a measure which the Congress adopted the next year.

Title I was evaluated against standardized testing data, a metric that had already been challenged in terms of validity and fairness by states, teachers' unions, and civil rights groups, but which reflected the President's policy preference. OMB examiners downgraded Title I's PART score in some areas where it did not have control, including one in which it lacked control

because of the law. It is thus not surprising that the PART results for Title I remained unused by Congress. One Official in ED's Office of Elementary and Secondary Education stated that the only impact PART had on Title I was to drain resources from other programs while staff tried to complete the assessment.

### GPRAMA Modernization Act

The 2012 ED strategic plan is the first to be issued under GPRAMA. The plan reflects the Obama Administration's stated goal of increasing the United States standing among other nations in terms of college graduates. The new plan, like earlier GPRAMA plans, fails to acknowledge administration and legislative stakeholders. As a result, the terms of the strategic plan, like those before it, will not likely have substantial impact on program goals and operations.

FSA's opposition to using completion rate metrics has been ignored by the Obama Administration, and is listed as the primary goal for the program, despite FSA's objections and strong belief that they cannot impact the metric. In addition, FSA continues to resist responsibility for the goal, and has not incorporated related metrics in their annual strategic plan. If the lessons learned in the previous chapters of this dissertation are true, it appears that there will be limited incremental changes to FSA's behavior as a result of this update to the ED strategic plan.

For Title I, statutory terms of NCLB have been ignored, and are overridden by a single national standard, rather than individual state-set standards. The political appointees are once again ignoring the role of Congress in setting goals and influencing the goals of the program. Much like FSA, this would suggest that the new ED strategic plan is not likely to have a significant impact on Title I.



### Summary of the Cases and Qualitative Conclusions

The evidence presented in the preceding sections provides some insight into the three decision making models that were discussed in the previous chapters. Specifically, there are specific decisions for each program, which if viewed in isolation, would support the two primary models in the literature: rational and incremental approaches. However, by considering these decisions within the context of a four-I model of decision making, it becomes clear that this interactive type of model can provide insight for decisions that appear rational, those that appear technical, and those that escape explanation using those two approaches.

The FSA experience suggests a more rational/technical decision making process than ESEA. This finding supports the research hypothesis that the ability to measure processes and outcomes would reduce technical conflict and be associated with increased rational utilization of information. While FSA and the GSL program were highly responsive to various pieces of information, including targeting formulas and cost projections, ESEA was characterized more by use of information to support preexisting political opinions. However, this fails to explain the rejection of and continued resistance to the direct loan programs in the 1990s, which were fully supported by technical information for which there was no conflict. Further, it fails to explain instances in which ESEA underwent seemingly rational change, including revisions to the impact aid formula resulting from evidence that they were resulting in inequities across states.

Overall, decisions for ESEA were more political/incremental than those for FSA. Again, this supports the research hypothesis that the inability to measure processes and outcomes would increase technical conflict and be associated with decreased rational utilization of information, because the technical conflict over how to measure processes and outcomes in a coping organization creates difficulty in making rational decisions. This incremental decision making

explains the initial resistance to the results of ‘A Nation at Risk,’ the slow modification of the view of education during President George HW Bush’s presidency, and the gradual move under President Clinton to standards, followed by the move to accountability under President George W Bush. It also explains the slow movement away from accountability that has occurred during the Obama administration. Incremental decision making, including decisions to maintain the status quo, were even more common in areas of increased political conflict. One decision not explained by this model, however, was the dramatic restructuring of ESEA under President Reagan. The model also fails to explain the incremental process under which direct loans took over FSA’s loan programs.

Consideration of the Four-Is for each decision enables us to understand the degree of rationality or incrementalism present in all of these decisions, and suggests mechanisms that drive decision outcomes. Specifically, we see that decisions rarely appeared rational in times of high technical conflict. When ESEA had rational decisions, they were related to areas that were not contested, including determining who had received funds. However, even when there was technical consensus, the degree of rationality varied with the degree of political conflict. For example, by 1988, “A Nation at Risk” had demonstrated that the state of education was suffering, and their findings were not contested. However, institutional conflict driven by divided government prevented President George HW Bush from pursuing accountability reforms against a Democratic Congress. However, in 1994, under unified government, the reauthorization of ESEA passed with the inclusion of national accountability standards. Similarly, in 1992 and 1993, it was widely agreed that direct loans would greatly reduce federal costs of student loan programs. However, interest group conflict initially limited the direct loan program to a pilot, and successfully limited its reach once it became a permanent program. By comparison, in 2010,

the same technical consensus existed, and political conflict was low because of the economic crises, allowing for a complete takeover of GSL by direct loans.

It isn't enough to say that political conflict increases the degree of incremental decision making, because the evidence in this and the preceding chapters demonstrates that the impact of political conflict varies, depending on the source of that conflict. Specifically, ideological conflict, institutional conflict, and conflict among interests all result in different interactions among decision makers and different kind of decision outcomes.

Ideological conflict, by Weiss' definition (1979), cannot be removed or overcome by convincing an individual to change their mind. As a result, ideological conflicts tend toward incrementalism when the magnitude of competing ideologies is comparable. Institutional alignment, including single party control of government, was one way that ideological conflict was overcome in these cases, resulting in decisions other than delay. Similarly, the alignment of powerful interests also reduced the likelihood of delay, as shown when a Democratic Congress, aligned with banking interests, was able to expand FSA against the opposition of President Nixon. In the case of ESEA, ideological conflict was also overcome, in one case, by information. "A Nation at Risk" reframed the political dialogue, and shifted the ideological divide from an issue of equality to one of federal involvement for performance.

Institutional Conflict also has a limiting effect on decisions. However, realignment of ideologies, as occurred with ESEA after "A Nation at Risk," reduced this impact, as shown with the coalitions that were formed between President Clinton and Republican Congress members, as well as those between President George W Bush and Democratic members of Congress. As seen in numerous examples above, institutional conflict can also be mitigated by changing the forum of the debate, as occurred when HEA and ESEA were considered as part of omnibus budget

bills, rather than being considered separately. This is also evidenced by changes in economic context, as in 2008, when Banks requested increased direct federal involvement in loans through the Ensuring Continued Access to Student Loans Act (ECASLA), a position they had strongly opposed for the preceding 15 years. In E.E. Schattschneider's terms (1960), this expands the scope of conflict, resulting in changes to the level of conflict.

Conflicts among interests have the most complex impact on decision making, as the four types of interest group conflict (Wilson, 1989) are each slightly different. In majoritarian politics, resolving conflict is fairly straightforward, as it was with banks and the higher education community in the early eras of HEA, requiring little more than assuring that all relevant interests receive some of the benefit, which is easily granted. In client politics, where that benefit is limited, this becomes more difficult, as it was with the passage of ESEA, which required a complex set of initiatives designed to provide a set of benefits to parochial schools, teachers unions, civil rights groups, and state interests.

Entrepreneurial politics creates a separate set of issues, as it results in a cost for interests. For HEA, this occurred in the early 1990s, when Banks resisted the creation of direct loan programs, because they stood to lose a lot of profit if GSL programs were ended. Their intense lobbying is explained by Esterling (2002), who shows that interests will exhibit rent-seeking behavior, spending up to the amount they stand to lose in order to protect their benefits. This type of behavior also occurred, though on a much smaller scale, in 2001, when states, who would face costs of implementing NCLB, vocally opposed it. However, it is possible to overcome this opposition by defraying the costs to the affected interests. In 2008, when ECASLA was passed, it provided funds to banks, expanding the reach of direct lending by the Department of Education

in the process. Similarly, Senator Kennedy (D-MA) successfully got massive increases in Title I spending to accompany the new state requirements, helping to reduce their opposition to NCLB.

Finally, in interest group politics, where providing a benefit to one group comes at a cost to another group. For example the accountability measures that began being proposed in 1988 were opposed by both teachers' unions and Catholic schools. In 1988, they successfully helped resist any change to ESEA, and managed to keep changes fairly incremental until 2001. Like the states, both groups opposed NCLB. However, like with client politics, compromises among several groups helped to overcome this opposition. However, unlike client politics, where each interest received benefits, little was done to appease these two groups, who were instead overcome through the institutional alignment and a coalition of competing interests.

The impact of information on decisions also varied with the level of conflict. However, a more important insight can be derived from examining the utilization of performance and other information by decision makers. Specifically, the evidence presented above shows that, in the absence of political and technical conflict, information tended to have a rational/deterministic impact on the decision. Technical agreement, however, did not ensure rational decisions, especially as political conflict increased. In the political dialogue during conflicts, decision makers tended to only cite information that supported their preexisting opinions. This led some to support technical findings, while others ignored them. However, if there was both political and technical conflict, then opposing decision makers tended to cite and support opposing sources of information. In this case, it becomes clear that more information does not always resolve technical conflict. In the cases where political consensus existed despite technical conflict, the winning political view would only utilize information that supported their preexisting opinions.

The creation of performance information is usually based on assumptions of low political and technical conflict. In cases where the environment reflects these assumptions, performance information is more likely to be utilized in a rational way. In the presence of technical conflict, the use of performance information depends on whether there is political conflict. If both types of conflict exist, performance information is utilized by decision makers who have preexisting opinions that are supported by that information. However, if there is political consensus, performance information is only utilized if it supports that political agreement. Overall, however, it appears that whenever a political conflict contains a side that opposes the findings of performance information, it results in an attempt by that side to cite alternative sources of information.

## CHAPTER 8

### PERFORMANCE MEASUREMENT AND THE AVAILABILITY OF INFORMATION: THE RELATIONSHIP WITH PEER-REVIEWED RESEARCH

In chapter 2, discussion of Donald Moynihan's studies (2006 and 2008) of an interactive dialogue model of decision making showed that performance information can diffuse through a group of decision makers through a series of exchanges and debates. In that chapter, and again in chapter 4, the importance of expanding that finding with a consideration of other types of information was discussed. This contributed to the development of the third research hypothesis of this study: that public provision of performance information will be associated with an increased search for and production of other sources of information. The quantitative approach in this chapter is intended to examine one aspect of that relationship, the production of information from academic sources. However, the findings of the previous three chapters also have important implications for this chapter. Specifically, the previous chapters showed that, in times of political and technical conflict, there is a tendency of competing decision makers to seek out and cite alternative sources of information to support their opinions. By examining the production side of the equation, this chapter will provide some insight into the availability of these alternative sources to influence and justify decisions made in times of technical and political conflict.

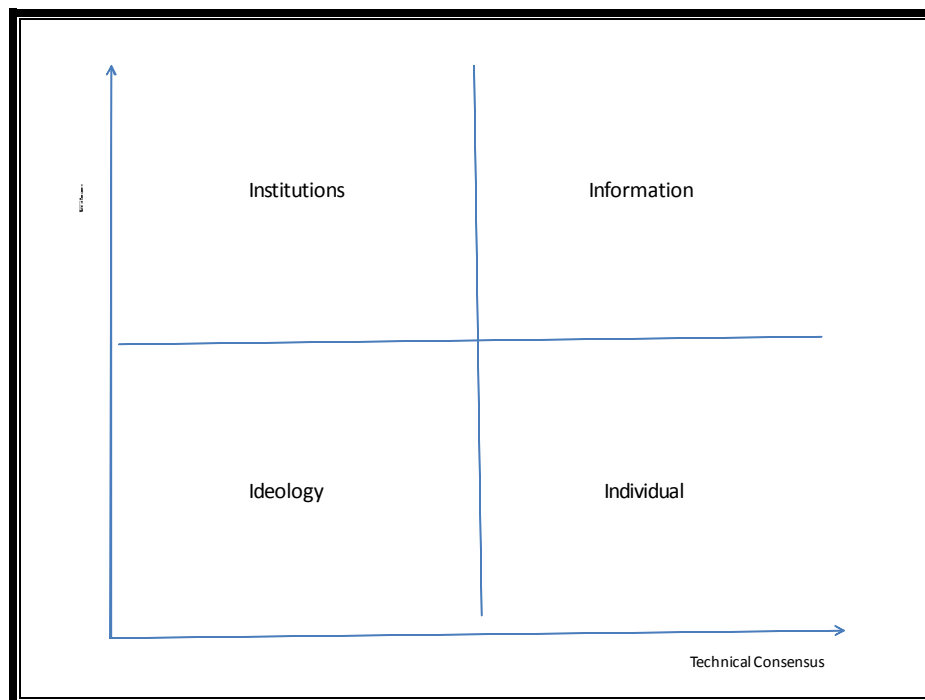
#### Performance Information and the Production of Other Information

It is clear that information plays an important role in decision making. Information is, as Weiss describes, one of four factors influencing decision making, along with institutions, individuals, and ideology. The case studies in the previous chapters showed that the amount of political and technical consensus surrounding an issue impacts the relative importance of these four factors for decision making, and resulted in the development of Figure 1, below. As the figure shows, lack of consensus tends toward decision making that either eschews information all

together, or uses information selectively and symbolically. Further, the creation and attempted use of information in decision making has dual impact of highlighting existing gaps in technical consensus while also acting to overcome them and develop that consensus. To this end, it is important to understand not only information produced by performance assessments, but all information produced about a given program.

This chapter will present on way that the relationship between public provision of performance information and the private provision of information can be examined. In this case, public provision will focus on the Program Assessment Rating Tool (PART). The models presented in this chapter are necessarily limited, as they only present one examination of the relationship between public and private information, and they only examine one performance effort. The result may be different if other performance efforts, such as the Government Performance and Results Act (GPRA) or the GPRA Modernization Act (GPRAMA) were used as the treatment variables.

Figure 8-1 Dominant Factors Impacting Decision Making under Political and Technical Conflict





PART and other performance efforts present an opportunity to explore what happens in this process of information generation and use, and the sometimes glacially-paced process of building technical consensus. This chapter will test the hypothesis that public provision will increase private provision, especially in organizations that are in the midst of political and technical conflict. If selective or non-use of performance information is the norm, as has been shown through fifty years of scholarship, it may be balanced by the creation and utilization of other information used to address that conflict. Specifically, selective and non-use of PART evaluation should be associated with increased information through additional sources that present technical conflict, and this increased production may result in improved information quality and eventual development of consensus. An extant economic literature provides further support for this hypothesis (Weiss, 1989; and others).

One model of public provision, seen often in studies of education, suggest that public provision may crowd-out private provision of goods and services. Nyborg and Rege (2003) state that the majority of empirical studies find incomplete crowding out effects of public provision of charitable donations, and some show net complementary effects of government provision, even though the basic model of homo economicus predicts complete crowding-out. They discuss the empirical evidence surrounding crowding-out effects and lay out several utility models underlying these effects. They show that impure altruism, social norms, fairness, commitment, and cognitive evaluation models offer explanations for the lack of complete crowding-out (Nyborg & Rege, 2003). Although this review focuses on the effects of public provision of charitable contributions, it provides an important insight for the public provision of PART scores: public provision may increase the total quantity of information produced if it has a complementary effect, or if it creates crowd-out effects, as long as they are incomplete.

In a line of research that is more comparable to performance information, several empirical tests have been conducted to determine if public research, generally, is a complement or substitute for private research. In a review of the empirical literature, David, Hall, and Toole (2000) identify characteristics that result in predominantly complementary effects when government subsidizes research: It can create “learning and training effects” that enhance the efficiency of performing research, it may reduce fixed costs associated with research, and it may signal future demand for a product, thus spurring investment in that product’s market. Similar effects can be applied to government provision of research: learning and training effects may still be produced, the collection and distribution of data may reduce the costs of research for other producers, and research in a policy area may provide signals of importance to interest groups, who might increase research based on the apparent salience of the policy issue. In 33 studies examining the effects of public funding of research, the authors found only 11 where net substitution effects predominated, while the other 22 had net complementary effects (David, Hall, & Toole, 2000).

Given the empirical evidence from other areas of public provision, we would expect that performance information, such as that generated by PART evaluations, will result in increased production of information, either through incomplete crowding out or from complementary effects on production as a result of learning and training effects, reduced fixed costs of conducting additional research, or signals of future demand for information about the program it is evaluating. We can expect all three of these things from PART evaluations, as they create learning and training effects for any staff involved in the evaluation, lower fixed costs of doing additional research by making data available publicly, and signal future demand for information to resolve technical conflict.

The first goal in quantitatively examining PART evaluations and privately conducted research is to determine whether PART has complementary effects on the public policy information market. Evidence of such effects support a conclusion that selective and non-use of PART information may reflect lack of consensus, and may signal the potential for continued production of information to eventually overcome this conflict. To this end, this chapter will evaluate the production of information about selected federal programs before and after they are evaluated by PART.

Previous research using a cross-section comparing PARTed to non-PARTed programs, and using a 10 fiscal year time series of 18 Department of Education (ED) programs has provided preliminary evidence that PART is a complement to private research (Putansu, 2008). This research design will build on this analysis, using an expanded sample and additional model variables. The results of this quantitative analysis will provide additional evidence of the impact of PART on the available supply of policy information.

### Case Selection

Because case studies and economic literature suggest that the complementary effect of performance efforts should be greatest in areas of conflict, this analysis will focus primarily on areas that are expected to be most divisive. To that end, it will examine a selection of federal programs that were evaluated the first three years of PART implementation (FY 2002-2004), and a quantitative method will be used to conduct a quasi-experiment before and after the release of performance information by a recent performance effort. In this case, the sample remains limited to ED. The models will analyze data from ten fiscal years (1998-2008). In order to ensure that sufficient baseline data were available, and that sufficient time was available to detect the impact of the treatment variables, the time period includes multiple years before and after PART

evaluations. Especially to allow for testing of lasting effects, the sample was limited to ED programs that were evaluated in the first few years of PART's implementation. Ultimately, this results in a sample of 56 programs evaluated between fiscal years 2004 and 2007, with data covering fiscal years 1998 through 2008.

This sample has several limitations. The sample is a census of ED programs evaluated between 2004 and 2007, it is not a random sample of programs and results from these models are not generalizable to all government programs, or to all programs in ED. Further, PART was selected as the treatment variable to reflect a recent performance effort. However, as shown in chapter 2, each performance effort has unique characteristics, and findings from these models will not necessarily be applicable to other types of performance management reforms.

The result of these scoping decisions is a panel data set consisting of 560 observations (56 programs over 10 years). However, some of these programs were created during the 10 year period, and are excluded in years before they were created, lowering the number of observations to 522. Data for over 50 variables were gathered manually, and the model used employs a pre-post test quasi-experimental methodology. Although these scoping decisions result in limited generalizability of results, they leave a large enough sample to provide some level of confidence in the results, and preliminary findings about the hypothesis. Using this sample of programs, I will conduct the analysis using a parsimonious model of the information model, developed from one used to examine other PART impacts (Gilmour and Lewis, 2004). The model is:

$$O = \beta_1 + \beta_2 P_t + \beta_3 I_1 + \beta_4 I_2 + \beta_5 I_3 + \beta_6 I_4 + \varepsilon$$

Where O is the Outcome variable,  $P_t$  is the treatment variable: PART evaluations,  $I_1$  is a vector of Ideology,  $I_2$  is a vector of Interests,  $I_3$  is a vector of Institutional Characteristics,  $I_4$  is a vector of Information,  $\beta$ s are estimable parameters, and  $\varepsilon$  is an error term.

## Outcome Variables

The dependent variable of interest is the production of information about the selected federal programs. This production can take many forms, including internally produced data and reports, reports from other government entities, information exchanged informally between decision makers and influencers, interest group and think-tank publications, and scholarly publications. Because of the difficulty locating and accurately measuring all these forms of production, I have chosen to focus only on information produced for peer-reviewed publications. This peer-review requirement increases the likelihood that the information produces is of some minimal quality, and therefore is a good candidate for information that could help develop future consensus. The dependent variable, then, is a count of peer-reviewed articles published in a given fiscal year about the selected federal program. To gather this variable, I used American University's subscription to the ProQuest system of online electronic journals. Other online databases, including JSTOR and EBSCO, were also considered. However, ProQuest was ultimately chosen because it returned the highest number of results for all programs. For each program, I searched the program name, as written in PART evaluations, in quotation marks. In addition, after reading through the articles found, I also searched for any alternative names used for the program. For example, "Title I, Section A" was evaluated by PART, but before 2001 this program was commonly referred to as "Comprehensive School Reform," while after 2001 it became "No Child Left Behind." Beyond this, I also searched for commonly used acronyms for the program. In the previous example, this included CSR and NCLB. Every article located was saved as a PDF and reviewed to make sure that they were actually about the program. Common exclusions as a result of this review included articles that cited similar methodological approaches used to evaluate those programs, but which actually evaluated another program, as

well as those that used data produced by a program, such as the National Center for Education Statistics, but did not evaluate the programs themselves.

Analysis will be conducted to test two possible impacts of PART. The first test, using a binary form of the dependent variable that equals zero in years where there are no publications about a program, and one in years with any publications, will test the hypothesis that PART impacts whether information about a program is produced. The second test, using the full count of articles produced will test the hypothesis that part impacts how much information about a program is produced.

When the dependent variable is binary, either logit or probit models can be used. For this data, the models produce similar results. However, because the underlying probability of having any articles written about a program may not fit a standard normal distribution (an assumption of Probit models) and because the odds ratios produced by logit regression are easier to interpret, logit models were used for this analysis.

Two types of regression are appropriate when the dependent variable is a count, Poisson or negative binomial. In this case, because the mean and variance of the number of publications are not equal, negative binomial is more appropriate for estimation. This overdispersion is confirmed in analysis, with significant alpha values in the negative binomial forms of the regressions. Furthermore, because there are many programs each year that have zero publications, and because this may be due to a limitation in space available for publishing, rather than because of true zero values, a zero-inflated model may be appropriate. However, a test of this in analysis shows that a large number of zeros is not a problem for this panel data, so the model used for this analysis is a negative binomial model, without zero-inflated values.

The following sections will outline the inclusion of and expected effects of the model's independent variables. It is important to note that most of the anticipated effects can be traced back to Gilmour and Lewis' (2004) study of the impact of PART on the budget decision. However, because no other research has modeled the impact of performance measurement on the alternative dependent variables of information production produced here, these expectations will be tested for the first time, and some may be dropped if the results indicate that they are not relevant.

### The Treatment Variable

As a proxy for performance efforts, this analysis will observe PART evaluations as the treatment variable, using 4 specifications (table 1). There are two considerations about the appropriate form for this variable. The first is based on the time before impact is observed, while the second is based on the time that the impact lasts. Specifically, because getting information published in peer reviewed journals takes a considerable amount of time, it is not clear whether the impact should begin in the year of PART evaluation, or if it should be lagged a year after. In addition, because it is unclear whether PART would have a temporary or permanent impact on information production, the appropriate form of the treatment variable may be a one-time impact or a lasting impact.

Table 8-1 Treatment Variable Expectations

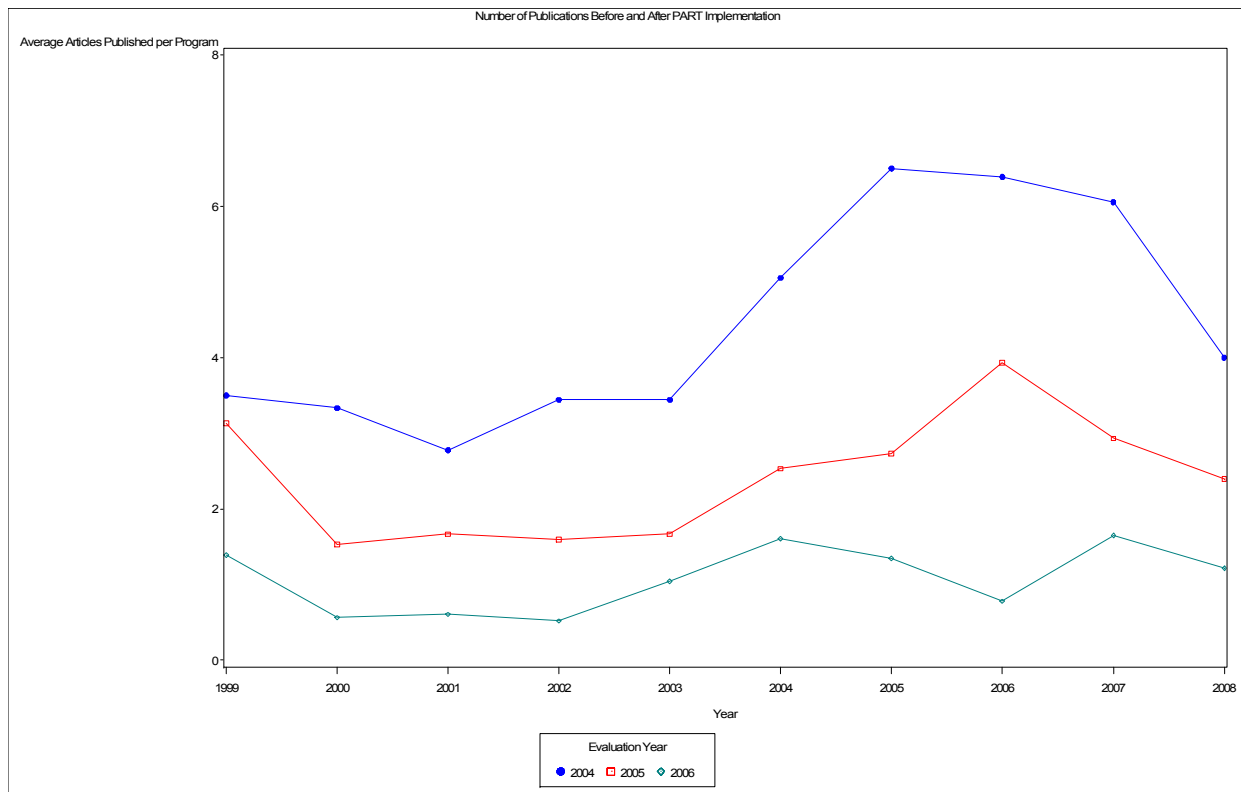
<b>Variable</b>	<b>Specification</b>	<b>Expected Sign</b>
PART one time	binary	+
PART one time w/lag	Binary	+
PART lasting	Binary	+
PART lasting w/ lag	Binary	+

These two considerations result in four specifications of PART implementation for analysis, which are (1) a binary variable that indicates the fiscal year that a program was rated by PART, (2) a binary variable with one year lagged effects from PART, (3) a binary variable with

lasting effects from PART which equals one for all years starting the year a program is evaluated by PART, and (4) a binary variable with one-year lasting effects from PART, which equals one for all years starting the year after evaluation. Each of these specifications is also run as an interaction with dummy variables for bureaucratic type, to expand upon findings in the case studies that production and coping organizations process information differently.

Figure 2 plots the average number of publications for programs evaluated in each of the first three years of PART implementation over the period. This graph does not control for any of the other variables, so each specification will still be presented and compared in the analysis. However, it does appear that the number of publications increased in the year of and the year following evaluation for programs evaluated in the first two year, but decreased in the year of and year following for those evaluated in the third year.

Figure 8-2 Peer-Reviewed Publications of Programs evaluated by PART in 2004, 2005, and 2006





## Ideology and Interests

There are many potential ways to measure ideology, and rather than selecting one, this analysis tests several of those methods to determine which is most appropriate for measuring impacts on the production of information (see Table 2). One simplified model of ideology, used by Gilmour and Lewis (2004), builds on the assumption that, because PART was implemented by a Republican president, it would inherently favor agencies associated with the Republican party. For this specification, then, programs affiliated with Democrats would be at higher risk of poor ratings. To apply this to the current analysis, we would begin from the premise that the Department of Education is generally considered to be supported more heavily by Democrats, and so would face more risk if the House, Senate, and/or President were Republican. Since we expect information needs to be greater when decisions are likely, we expect information production to be higher when Republicans are in power.

Table 8-2 Ideological Variable Expectations

Variable	Specification	Expected Sign
Party Dummies	1 for Republican Control	+
Unified Government	1 for unified Government	-
Party Index	Count of republican-controlled bodies	+
DW-Nominate	Linear	+
Change in GDP	Linear	+

There are two ways to model this, the first is a set of four dummy variables, the first three of which are for Republican control of the House, Senate, and presidency, respectively. To this, a fourth dummy that equals one when a single party controls all three bodies is added. This unified government variable will be included in both specifications, as when a single party is in power, it is expected that less information will be needed for decision making. Alternatively, an index that equals 0 for unified Democrat control and 3 for unified Republican control may also work. Both specifications will be tested and results from each will be presented. Additionally, the models

will be run using DW-Nominate scores for the Congress and President. The political orientation of individual programs will be controlled for as well, using a dummy variable that equals 1 for programs initiated by Democrat majorities and 0 for programs initiated by Republican majorities. It is expected that programs with similar political leanings to the political majority will have a need for the least new information, as their need for support is likely the lowest. The DW-Nominate specification has increased granularity from the number of bodies controlled by a party specification, as it allows for a measure of the strength of partisan influence rather than a dummy for partisan control. This, for example, will treat a democratic supermajority in the Senate differently than a Democratic majority of 51-49, while the dummy variables would not. Therefore, the DW-nominate specification may allow for a better model fit. Further, change in GDP from the previous year is also included to control for the economic environment. This is included with the other ideological variables because, as shown in the cases, the economic environment can cause an ideological shift from the conflict between private and public to the conflict over size of government.

Additionally, we expect interests to impact the availability of information, which could be measured in the number of interests who are actively lobbying a program, the size of their membership or budgets, or reports that they create. However, due to the difficulty in disaggregating interest group activity into individual programs and limitations in the ability to gather data, these variables are not included in these models. However, as shown in the case studies, ideology and interests are often connected so closely that the ideological variables may provide some representation of the impact of interests.

## Institutional Characteristics

Institutional characteristics include age, size (measured through budget as well as staff), and type of program (See table 3). Age was collected by finding the authorizing legislation for each program to their original fiscal year of founding, then, for each fiscal year, subtracting that from the current year. Some programs were created during the time period of analysis, and they were excluded in fiscal years before they were created. This reduces the number of observations in the model from 560 to 522. The most appropriate form for the specification of age is uncertain. If programs with longer histories tend to have the highest technical consensus, we would expect age to be linear and negative. However, if programs are considered ‘safe’ in their first years of creation, or if it takes time to produce the first information, we may observe a parabolic form of age, where production is initially low, increases until technical consensus is approached, and then decreases again. Each program has also been classified into Wilson’s typology of bureaucratic organizations. For example, the programs in the case chapters are categorized as they were in the cases: the direct loan program is treated as a production program, while Title I grants to states are considered a coping organization. Further, there were procedural organizations, in which activities are measurable but outcomes are not, such as Parental Information and Resource Centers, which can provide resources to parents, but cannot measure how those resources impact parent behavior. There were also craft organizations, like the National Institute on Disability and Rehabilitation Research (NIDRR). Like other research organizations, which have long timelines for activities, it is difficult to track relevant activities, but NIDRR can measure whether they’ve met their specified goal of generating new knowledge, by tracking their final research products. Each of the 56 programs is classified along these lines and assigned dummy variables indicating whether they are primarily a production, procedural, craft, or coping organization, and all models are run excluding production organizations as the

reference group. Organizational type is also interacted with the treatment variable, to see if the effects of PART vary by bureaucratic type, as a result of differences in technical complexity and conflict.

Table 8-3 Institutional Variable Expectations

<b>Variable</b>	<b>Specification</b>	<b>Expected Sign</b>
Age	Linear	-
Age	Parabolic	-
Budget	Log	+
Number of SES	Linear	+
Supervisory Positions	Linear	+
Total FTEs	Linear	+
Type of Program	Dummies	Varies
Bureaucratic Type	Dummies	Varies

Program size is represented by inclusion of budget, number of SES, number of supervisory positions, and total full-time equivalent (FTE) employees. Because more is at stake for larger programs, it is expected that each of these variables will have a positive impact on the amount of information produced. Because budget has some large outliers, a log specification is used. The final program characteristic controlled for is program type, which will be a series of dummy variables to indicate if the program is a competitive grant, a block or formula grant, research and development, credit, or capital assets and service acquisition program. Because the sample only consists of programs from the Department of Education, there is no need to control for agency-level characteristics. However, this limited sample does not contain any programs of the direct federal or regulatory types. In an attempt to control for unobserved characteristics, I also attempted to include program dummies in the model, but they reduced the fit of the models, significantly reduced degrees of freedom, and were never significant. This indicates that the variance within the included characteristics already explains the variance in the outcome variables due to program characteristics, and that the dummies are not needed, so they were excluded from the final analysis.

## Information

Four variables make up the vector for information: TV news, print news, CBO analyses, and GAO reports (Table 4). Television news broadcasts that mention each program have been gathered using the Vanderbilt Television News Archive using the same search methods that were used for the dependent variable. This method was also used with the Lexis Nexis collection of US newspapers to gather instances of print news that mentioned the programs. These two variables represent salience to the public, and are expected to have positive impacts on the production of information, as they signal that the public wants to know more about the programs. When testing these variables in the model, a continuous specification for the number of mentions resulted in practically insignificant results. This analysis indicates that a binary specification of these variables is more appropriate than a linear one. In other words, when a program ‘makes the news,’ it has an impact on the production of information, but being on multiple news sources doesn’t appear to amplify this effect. CBO analyses and GAO reports, each of which are requested from Congress, represent political salience. Both are collected as binary variables because the number of members of Congress requesting each may vary and because the organizations don’t tend to do multiple reports on the same exact program in the same year. Each variable was gathered from searches on each organization’s website using the same program name terms as the dependent variable. Since these forms of information signal directly that Congress is seeking additional information, they are expected to be positively associated with the production of additional information.

Table 8-4 Information Variable Expectations

Variable	Specification	Expected Sign
TV News	Binary	+
Print News	Binary	+
CBO	Binary	+
GAO	Binary	+

## Differences between programs with and without research

As mentioned earlier in this chapter, although the expected effects of independent variables are derived from Gilmour and Lewis' (2004) work on the effects of PART on budget outcomes, they have not previously been used as variables examining the production of information. In order to test their relationship to the production of information in academic journals, this paper will compare programs that do and do not have any production of this information. Descriptive analysis of the model variables allows for preliminary testing of the specifications of those variables, as well as some indication about expectations for correlation between those variables and the production of information.

Table 8-5 provides the mean values of program characteristics, including age, staff, budget, and salience indicators for programs for which there is and there is not research produced in a given fiscal year. Ideological variables are not presented here because they are related to the year of the data, rather than to individual programs. Each of these differences in means is statistically significant at an alpha of 0.01. Therefore, with 99% confidence we can say that programs for which research is produced have been established longer and have larger staffs in terms of total employees, supervisory positions, SES positions, and number of political appointees. We can also be 99% confident that they have larger budgets, and are reported on more by the TV and print media, as well as by the CBO and GAO. The only potential surprise here is with age. However, because each of these represents two-sample t-tests on a single characteristic, this may change in the actual analysis.

Table 8-5 Mean Values of Program Characteristics

	<b>No Articles</b>	<b>Articles</b>	<b>Meets Expectation?</b>
Age	20.7	24.2	No
Employees	332.1	801.3	Yes
Total SES	5.5	13.3	Yes
Political Appointees	1.0	2.0	Yes
Supervisory positions	38.4	109.1	Yes
Budget (millions)	502.5	949.6	Yes
TV News	0.2	0.6	Yes
Print News	0.1	0.4	Yes
CBO Reports	0.1	0.3	Yes
GAO reports	0.3	0.6	Yes
<i>n</i>	299	261	

In addition to a comparison of groups to support expectations for institutional characteristics, this research tested three alternative specifications for ideology. The first specification of the multivariate model, which uses a simple dummy for Democrat control of the House, Senate, and presidency failed to converge in models, as they had low variance over the time period. An index generated by using the sum of those dummy variables did converge, but produced statistically insignificant results<sup>25</sup>. Finally, using the DW-nominate score for the House, Senate, and Presidency converged, and produced statistically significant results, so this specification is used. Ultimately, the variable signaling single-party control of all three failed to reach significance in any specification, and was not included in the analysis.

### Overall Results

Discussion of results will begin with the negative binomial regressions. The estimates from these models can be interpreted as the effects of model variables on the amount of research published about a given program in a fiscal year. Results from the model must begin with determining the proper specifications. A significant alpha in both cases confirms that the

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<sup>25</sup> Insufficient variance in the independent variables suggests that results will not be significant, and this could be different if the models included a longer time line with more shifts in the political landscape.

dependent variable is overdispersed, and that Poisson regression is inappropriate. Although we know that mean and variance of the dependent variable are not equal and a negative binomial regression must be used, the first test checks whether or not the zero-inflated version of the model should be used. This type of model would be appropriate if we expected that there may be more than one reason for a program to not have any information production. For example, there may be no publications about a program because there is no interest among researchers in the area, or there might be no research because the limited availability of space in academic journals was filled by other topics. The large, negative and significant intercept in the zero-inflated regression, along with similar parameter estimates, to the regular negative binomial model, suggests that the zero inflated model is not necessary for these estimations.

Through further examination, another issue becomes apparent: some variables used in Gilmour and Lewis' models do not impact research production as they had impacted changes to budget. Specifically, age squared, the number of employees, and the change in budget do not impact the model estimation. In other specifications, these variables are not included, resulting in an improved fit for all models. In order to test the effect of the remaining independent variables, the models are all run without the three variables mentioned, CBO Reports are neither practically or significantly significant. This may be because they are collinear with other independent variables, particularly GAO reports. Removing the CBO dummy variable results in marginally improved fit for the model, and does not result in major changes for the other variables. Additionally, the number of supervisors is also not practically or statistically significant, potentially because it is measuring the same thing as the number of political appointees and SES. Due to the collinearity among these variables, only appointees are left in the model. Doing this marginally improves the fit of the model again, and results in slight adjustment of the remaining



independent variables. Although some of the remaining independent variables are not significant, they are theoretically justified to remain in the model, and so are kept in when presenting results.

The full set of data (n=522) was run for all four specifications of the treatment variable, with marginal effects presented for each model. These four specifications have surprising results, as none of the four specifications of PART have a significant impact on the number of articles published in a given year (see Table 8-6). However, some of the PART treatments, interacted with bureaucratic type, have the expected impact. Specifically, under both specifications of PART with a lasting impact, whether beginning in the year of or the year after evaluation, Craft and Coping type programs have significantly larger increases in the amount of research published about them. For Craft types, this amounts to about 1.14 additional published reports per year in the years following part evaluation. For coping organizations, the association is about 0.81 additional articles per year.

Because similar models have not been run in other research, results about independent variables are particularly interesting. Ideological variables did not generally impact the results. Only the DW-nominate score composite for the president reached significance in any of the four specifications. Specifically, conservative president is associated with more research being produced than a liberal president. These findings should be interpreted with caution, however, as the independent variable contains no instances of either a perfectly liberal or perfectly conservative score for any of these bodies. Because this time period only contains two presidents, the DW-nominate variable for presidential ideology only takes on two values, -0.456 and 0.851. Specifically, this means that the results cannot be generalized beyond President George HW Bush and President Clinton.

Results for institutional characteristics were also interesting. Procedural and Craft organizations were found to have higher numbers of articles published about them, on average, relative to production organizations, which are the reference group. Coping organizations had higher publication rates than production organizations, but the differences were not statistically significant. While it was expected that production organizations, which tend toward consensus, would have low rates of information production, it is surprising to see that coping organizations, which potentially have the most conflict, also had lower publication rates than the other two types. Neither age nor budget had a significant impact on the dependent variable, nor did they improve the overall fit of the model. Surprisingly, this suggests that the amount of time a program has existed and the size of the program's budget do not appear to impact the amount of research that gets published about the program. The number of political appointees has a statistically significant impact in each specification. Specifically, each additional appointee is associated with an additional 0.08 published articles, or approximately one additional article for every 12.5 appointees. This may be a proxy for political conflict, if political appointees are seen as an attempt to exert political control in an area where there is likely to be future debate. In other words, for programs where consensus is low, politicians would have increased interest in control through appointees. If this is the case, then the findings here would suggest that more information is produced in areas with political conflict. This would support our findings from the case studies that increased actual and symbolic use of technical information is one way to gain political advantages. Large significant impacts are also found for all the included types of programs. These programs are all relative to the omitted type, capital assets and service acquisition programs. Findings suggest that these other types, on average, are associated with about 19 to 21 additional articles per year. This is in line with expectations, as the omitted type is

treated very technically under accounting principles and a formalized system of acquisition processes, which are less likely to be associated with technical conflict. This is in line with the findings of Vobin, Ting, and Carpenter (2008), which shows that highly technical and routine policy areas need fewer sources of information, since one or a few sources likely provides all the relevant policy information a decision maker would need.

Information variables in the final model were all positive and significant. Specifically, having been discussed by GAO or was associated with about 1.25 additional articles being published per year. Similarly, being mentioned in print news was associated with an increase of about 1.5 articles published per year. This did not change with changes in the treatment variable. In addition, GDP growth was associated with increases in information publication, as expected. An additional 1% growth in GDP was associated with more than 10 additional articles per year in 3 of the four model specifications.

Table 8-6 Estimated Marginal Effects on Count of Peer-Reviewed Research<sup>26</sup>

	Temporary, immediate	Temporary, lagged	Lasting, Immediate	Lasting, Lagged
<b>Intercept</b>	-22.69 *	-22.56 *	-22.69 *	-22.89 *
	(0.33)	(0.33)	(0.32)	(0.33)
<b>PART Treatment</b>	-0.91	0.18	0.16	0.09
	(0.62)	(0.55)	(0.24)	(0.26)
<b>PART - Procedural interaction</b>	1.07	0.08	0.34	0.38
	(0.72)	(0.66)	(0.24)	(0.26)
<b>PART - Craft interaction</b>	0.89	0.35	0.97 *	1.05 *
	(0.81)	(0.73)	(0.34)	(0.34)
<b>PART - Coping Interaction</b>	0.47	0.43	0.50 *	0.72 *
	(0.80)	(0.70)	(0.30)	(0.31)
<b>Procedural</b>	0.51 *	0.60 *	0.49 *	0.52 *
	(0.22)	(0.23)	(0.23)	(0.22)
<b>Craft</b>	0.70 *	0.74 *	0.45	0.50 *
	(0.29)	(0.29)	(0.30)	(0.29)
<b>Coping</b>	0.35	0.32	0.17	0.14
	(0.25)	(0.25)	(0.27)	(0.26)
<b>Appointees</b>	0.08 *	0.08 *	0.08 *	0.08 *
	(0.03)	(0.03)	(0.03)	(0.03)
<b>Credit Program</b>	19.62 *	19.64 *	19.64 *	19.64 *
	(0.30)	(0.30)	(0.29)	(0.29)
<b>R&amp;D Program</b>	21.03 *	20.98 *	20.69 *	20.72 *
	(0.28)	(0.28)	(0.29)	(0.29)
<b>Competitive Grant Program</b>	21.03 *	21.00 *	21.05 *	21.01 *
	(0.15)	(0.15)	(0.15)	(0.15)
<b>Formula Grant Program</b>	20.88 *	20.85 *	20.85 *	20.81 *
	(0.16)	(0.16)	(0.16)	(0.16)
<b>Presidential DW Score</b>	0.37 *	0.23	0.17	0.30
	(0.21)	(0.20)	(0.20)	(0.21)
<b>GDP Growth</b>	14.74 *	10.63	15.11 *	21.45 *
	(8.39)	(7.94)	(8.02)	(8.52)
<b>GAO Report Dummy</b>	1.24 *	1.24 *	1.27 *	1.25 *
	(0.16)	(0.16)	(0.16)	(0.16)
<b>Print News Dummy</b>	1.56 *	1.56 *	1.56 *	1.55 *
	(0.18)	(0.18)	(0.18)	(0.18)
<b>Alpha</b>	1.78 *	1.76 *	1.69 *	1.68 *
	(0.19)	(0.19)	(0.18)	(0.18)
<b>AIC</b>	3.56	3.56	3.54	3.54
<b>SBC</b>	3.71	3.71	3.69	3.69

<sup>26</sup>Table Notes:

Standard Errors are in parentheses

N= 522 for all models

Reference group in all models is production organizations

\* significant at  $\alpha = 0.05$

None of the logit models found a significant impact of PART on the amount of information produced, in any of the specifications or interactions. Results are not presented here, as the impacts of the other independent variables were similar to those in the negative binomial analyses.

In whole, these results provide evidence that the contingent impact of performance assessments, like PART, on the production of alternative information is small, but positive, and varies by the bureaucratic type of the program. This reinforces the finding from the case studies that a one-size-fits-all approach is not likely to have a consistent impact across different types of programs. It also shows that, in areas where the search for alternative sources of information to justify conflicting sides of political conflict is most likely, the impact on information production is the greatest. The findings about other information types provide additional evidence that a focus on a single type of information may conceal important facets of the political dialogue. However, limited findings on ideological variables, as well as on institutional size, are surprising. These findings provide some support for a complementary effect of PART on the production of academic research, particularly in craft and coping programs. This may indicate that the PART evaluation provides learning and training effects, reduces fixed costs of conducting additional research, or signals of future demand for information from decision makers. Given that the effect is strongest in non-production programs, it is reasonable that the last of these factors may have the largest impact. Specifically, difficulty in measurement results in technical conflict, which was shown in our cases to result in the utilization of information from multiple, potentially conflicting sources, in the political dialogue. This production of academic research may be one expression of this dialogue.

### Limitations

The analyses presented in this chapter represent original data collection, hypothesis generation, and analyses that build upon and expand the corpus of knowledge about performance information and its relationship to other information. However, it represents only a first step in a body of work that will eventually provide us with a better understanding of information production, the role of information in decision making, and on the development of consensus. As a first step, it contains limitations in the ability to generalize, the capture of all relevant variables, and the ability to represent other outcomes of interest.

### Generalizability

The analyses presented in this chapter represent a census of all Department of Education programs evaluated in the first three years of PART implementation. While this provides us some evidence of how information production is impacted for programs rated in the early stages of PART, the results cannot be generalized beyond this purposively selected sample. This creates three limitations. First, we cannot say anything about how programs in other agencies may respond to PART evaluation. Second, we cannot know whether these results would persist in performance efforts that produced evaluations for a long period of time. Finally, we cannot say whether these results are specific to PART, or if they would persist for other performance efforts.

### Omitted Variable Bias

For this analysis, over 50 variables for panel data of 56 programs over 10 years were independently gathered into an original data set. While this represents over 28,000 data values, it does not contain all theoretically relevant independent variables. Specifically, for the factor of interests, variables representing the influence of interest groups would improve the usefulness of this model. These variables would likely include measures of interest group membership size,

money spent lobbying for a program, and interest group publications about the programs, as well as other information about lobbying and rent seeking behavior. In addition, the lack of a finding for the ideological variables could be due to their imperfect nature as a proxy for the political dialogue, as they simplify the liberal and conservative scale and treat it as equivalent against all programs analyzed. Better ideological variables might contain a measure of political conflict specific to individual programs. Additional program variables may have also been useful, such as the size of the contract workforce. However, the insignificant results of the program dummies in the model specification provides some evidence that these effects may have been captured or collinear with other included variables. All the variables mentioned were sought for this analysis, but were not available at a detailed enough level to be useful.

#### Other Relevant Impacts

This research provides insight into an important dimension of decision making by analyzing the production of new information. However, it is limited in its scope of peer-reviewed journals, and could be expanded to include more types of information, if counts of those types were more readily available. If published information could further be detailed by type and quality, it might enable us to determine if research done as a result of the evaluation was more likely to be of a specific type, for example if it tended to rely on the same data as the evaluations. In addition to better measures for information production, this analysis does not explicitly examine whether the information being produced is used in decision making, or if there is any measurable movement toward consensus. These alternate outcomes are also important for a full understanding of information's role in decision making.

## Conclusions

Despite the limitations outlined above, this research makes an important contribution to our understanding of the role of information in decision making. It represents an early quantitative analysis of the impact of performance efforts on information production, and shows that there is a small, but positive impact on the production of academic information. This increased production may contribute to the political dialogue, and may also lead result in eventual enlightenment and technical consensus, which later leads to a larger role for information in decisions about the programs that are evaluated. The finding that increased production is most prevalent in organization with increased conflict, which have been shown in previous chapters as the types of organizations for which the search for alternative information is most common, suggests that there is a link between the production of and the search for information. This result is particularly important given repeated findings that the specific information created by the performance efforts is not directly impacting decision making. Though unintended, the complementary effects of performance efforts on the production of other information may ultimately lead to the improved decision making that performance measurement proponents have been promising for so many years, and may partially explain the increased use, both actual and symbolic, of information over the last several decades.

This research provides a quantitative empirical foundation on which to build future research. In evaluating the impact of performance efforts on the production of information, additional cases representing other government agencies can be added, measures of the dependent variable can be improved, and data for omitted variables can be gathered, to see if the results hold in other scenarios. Further, as research on information production continues, parallel streams of research on information utilization, such as those conducted by Weiss, as well as research on political and technical consensus, can use those results to further show how



information can frame political decisions and help decision makers to arrive at an outcome. In addition, further research could be done to explore the findings about the impact of appointees on the production of research, which could examine whether the increase in information tends toward technical agreement or conflict.

The results of this analysis show that PART resulted in more research becoming available about certain ED programs, particularly those in craft and coping type programs. The limitations of performance efforts to deliver and rational/technical decision making processes highlights the importance of this finding. Specifically, the previous cases showed that different actors require different information for different purposes, and that one of the major limitations of performance efforts has been a tendency to produce one-size-fits-all approaches to generating information. Despite that, these findings show that the market for information responds to this one-size-fits-all approach by producing additional information, especially for programs with difficult to measure processes and outcomes. This is an important result, because these are the programs for which performance management is expected to have the most difficulties, and it indicates that there may be a positive unintended consequence associated with the performance movement.

## CHAPTER 9

### PERFORMANCE IN THE CONTEXT OF POLITICAL DIALOGUE: THE IMPACT OF CONFLICT AND BUREAUCRATIC TYPE ON INFORMATION UTILIZATION

The first chapter of this research introduced a broad goal of developing a better understanding of the government decision making process, the role of information, including performance information, in that process, and the situations under which information is more or less likely to be utilized in that process. Related goals of this research were to provide insight into the development and use of performance efforts, and to identify areas where further exploration of these issues can benefit future efforts to initiate reforms. Drawing from the two separate, but complementary, streams of literature on governmental decision making and federal performance management, and supplemented by a selection of analytical frameworks from those literatures, this research introduced three research questions and related hypotheses in chapter four, restated here:

1. Question: Which of the three decision making models (rational/technical, incremental/political, or interactive) most accurately explains governmental decision making?
  - a. Hypothesis: The amount of political and technical conflict present at the time of a decision will impact the degree to which that decision conforms to specific models of decision making.
2. Question: What factors contribute to the utilization of information - relative to ideology, interests, and institutional norms and processes, in decision making? (i.e. to what extent is information used to support or oppose a position in that dialogue?)
  - a. Hypothesis: Bureaucratic type will be associated with the accuracy of the decision models, with production organizations tending toward the rational/technical

model and coping organizations tending toward the incremental/political approach.

3. What is the role of performance information in decision making, relative to information from other sources?
  - a. Hypothesis: Public provision of performance information will be associated with an increased production of and search for other types of information, and this association will be stronger for programs where there are higher levels of political or technical conflict.

This section will briefly explain each of these three hypotheses, and the following sections will examine each hypothesis separately in detail. The literature in chapter 2 showed the promises and limitations of the rational, incremental, and interactive models of decision making. This review revealed that the rational and incremental models each appear to be accurate in some, but not all, situations. This study proposed that an interactive model of decision making, specifically the interactive dialogue model proposed by Donald Moynihan (2006), could provide an avenue to consider the conditions under which decisions conform to rational or incremental expectations. Further, this research drew on E.E. Schattschneider's exploration of conflict and Carol Weiss' four-Is of evidence to develop the first hypothesis related to these three models of decision making.

Specifically, the first hypothesis was that the amount of political and technical conflict present at the time of a decision will impact the degree to which that decision conforms to specific models of decision making. Political and technical consensus at the time of a decision will be associated with increased rational and direct use of information to reach decisions. In contrast, political and technical conflict will be associated with increased political and

incremental utilization of information, with information cited but not deterministic in decisions, with symbolic use of information, or with information not used at all.

The literature in chapter 3 examined the promises and pitfalls of federal performance management, and the assumption that performance information can be used in a rational, deterministic way across the federal government. Noting Weiss' Four-I framework once again (1979), which shows that information is only one factor in the decision making process, and that ideology, interest, and institutions must also be considered, this research sought to understand the scenarios under which each of these four factors was likely to play a role in the process, and the relationships among them.

Building from the first hypothesis about technical and political conflict, and drawing on Wilson's (1989) typology of bureaucratic organizations, the second hypothesis proposed that bureaucratic type might impact the relative influence of the four factors. Specifically, the second hypothesis states that bureaucratic type will be associated with the accuracy of the decision models, with production organizations tending toward the rational/technical model and coping organizations tending toward the incremental/political approach. Ultimately, this hypothesis posits that technical conflict will be low in production organizations and will be high in coping organizations, and that, as suggested by the first hypothesis, lower conflict decisions will conform more to rational models while high conflict decisions will tend toward incremental decision making. As a result, performance information related to production organizations are expected to be utilized in more deterministic ways than performance information related to coping organizations, which is expected to be used to support existing opinions, used symbolically, or not used at all.

When describing the four-Is of evidence, Weiss (1979) notes that new information is informed by and compared to existing information, and is sometimes in conflict with other existing information and knowledge. Moynihan (2006) also notes that, by definition, and interactive dialogue model must consider the interactive exchange of information to support, reframe, convince, and oppose the opinions of competing factions within the decision making process. These frameworks reveal a need to examine and better understand the relation among different types and sources of information. This research additionally drew on an economic literature that examines the impact of public provision of goods and services on private production in order to develop a hypothesis about the impact of public provision of performance information on other types of information. This study's third hypothesis posits that public provision of performance information will be associated with an increased production of and search for other types on information, and this association will be stronger for programs where there are higher levels of political or technical conflict. Because high levels of political and technical agreement suggest that there is a clear way to measure, and that a clearly defined type of information is needed, the complementary effect of public provision is expected to be lowest in areas of low conflict. In contrast, because high technical and political conflict results in disagreement over what to measure and how to measure it, it is expected that the complementary effect will be highest for these programs.

The remainder of this chapter will marshal the evidence from chapters 5 through 8 in an attempt to test these three hypotheses. The chapter will be presented in five parts. The first will revisit the qualitative findings to focus on the first hypothesis, and will be presented in five sections. The first three, respectively, will focus on the accuracy of the three decision making models described in chapter 2, noting where each seems to have explanatory power. The fourth

section will explore the relationships among the four-Is, considering the impact of technical conflict over information and political conflict in the other three Is. The fifth section will examine the different impacts of different types of political conflict on the decision making process.

The second part will also rely on the qualitative findings, and will examine the second hypothesis, by describing the role of information, including performance information, in different types of programs and levels of conflict, and by focusing on determining whether bureaucratic type was an accurate predictor of technical conflict and information utilization. Next, the third part will describe the search for information by actors in the political dialogue, as demonstrated in the cases, and the production of information, related to the results of the quantitative analysis in chapter 8, and relate them to the third hypothesis.

The fourth and fifth parts will conclude this study. The fourth will integrate the findings from each of the previous three sections to develop practical advice for current and future federal performance efforts. The final part will propose areas where further research can continue to develop our understanding of performance management, the role of information in decision making, and the factors that influence political decisions.

### Hypothesis 1: Conflict and Decision Making Models

Practitioners and scholars attempting to implement, improve, and understand government decisions have generally relied on two dominant models of governmental decision making. The first of these is a rational/technical model of decision making that assumes that information will be the driving force behind decisions. The other model is political and focuses on the human and social aspects of decision-making, which tend toward incremental decisions based on the balance of power between ideological, institutional and interest group pressures. A third model, the

interactive model of decision making, suggests that through a process of communication, exchange, and debate, decision makers arrive at decisions that are comparable to the rational model in some cases, but comparable to the political model in others. This section will summarize the findings of the previous chapters, examining these models of decision making to compare the accuracy of each as a predictive model.

### Rational/Technical Decision Making

Rational-comprehensive models of decision making assume that all relevant information is considered before a decision is made, and used to determine the best course of action. This ideal type has been relaxed, and a bounded rationality model of decision making has more reasonable expectations. Specifically these rational/technical models expect that new information will be considered, compared to the existing heuristics of the decision makers, and used to inform the decision that is made (Simon, 1947). Under this model, information that identifies problems with a program or opportunities to improve effectiveness or efficiency will be acted upon, and information that identifies success will result in maintenance of the status quo. In other words, information will be utilized, and the decision will be related to that information. This section will describe the decisions from both cases that conform to these expectations.

There are several instances in the student loan programs under Title IV of HEA where these expectations have been met. The importance of information becomes clear with examination of the law's passage, in which studies that found that the biggest barrier to college education was cost. This resulted in a Federal Student Aid (FSA) program that attempted to mitigate the costs of college and improve access. Subsequent expansions of the program also relied on this rationale. A second rational/technical decision occurred in the 1972 reauthorization, in which a report that found that distribution of funds based on state enrollment

resulted in inequitable benefits being paid out to students with equal income levels. As a result of this report, the funding formula was changed to reflect financial need of individual students. Information also factored into the 1980 and 1986 reauthorizations. The removal of family income limits for loans in 1978 had increased the costs of the program, and information on these costs led lawmakers to take a number of actions, including reinstituting the family income limits. Reauthorizations in 1992 and 1998 similarly attempted to respond to information on default rates by changing the calculations used to calculate default rates. In 2008, a report finding that lenders and higher education institutions were price fixing to maximize their profits from student loans spurred the federal government to consider implementing accountability systems, and motivated higher education institutions to begin implementing accountability systems voluntarily, to avoid federal intervention. Finally in 2010, information about the reduced cost of student loan programs when provided by the government instead of banks resulted in the takeover of the graduated student loan programs by direct government loans.

Studies demonstrating the disparate outcomes of disadvantaged children were cited as one way to gain support for ESEA's initial passage, but that information was secondary to political issues. However, other decisions for Title I programs better met the expectations of a rational/technical model of decision making. The early amendments to the act addressed the limitations of using old census data to identify disadvantaged students. In 1970, a report finding that states and local education agencies were cutting their education funding and relying on federal funds led to a new statutory requirement that federal funds 'supplement, not supplant' those of the state and local budgets. Acknowledging technical agreement that actual enrollment figures would be the best way to distribute funds, these data were authorized for use in the 1977 amendments. Similarly, reports from NIE (1976) showing the negative impact of 'pull-outs'



results in the creation of schoolwide programs in the 1977 amendments. Similarly, the overhaul of ESEA in 1994 integrated information from ‘A Nation at Risk’ and from President George HW Bush’s work with the National Governor’s Association (in which President Bill Clinton was an active participant). In this case, information had acknowledged a problem, and the amendments attempted a new method for addressing that problem. The passage of No Child Left Behind (NCLB) in 2001 went a step farther, by citing information from Texas schools that suggested that the enforcement of accountability measures could improve performance. Further, information on the negative impact of NCLB on states and local education agencies has impacted President Obama’s decision to issue NCLB waivers.

### Political/Incremental Decision Making

Political-incremental models of decision making assume that conflict among goals and the impossibility of any decision maker in the federal government considering every possible alternative to every possible program will drive decisions to rely primarily on ideology, interests, and institutions, and rely only in a limited way on information. As a result, decisions in this model are expected to utilize information in support of existing preferences, or to disregard it. In other words, information may or may not be utilized, but the decision will be based on political factors. This section will describe the decisions that conform to these expectations.

The passage of HEA can primarily be explained as a political decision. Up until 1947, the federal government had an extremely limited role in higher education, and that role expanded only slightly, and only for some groups in the 1950s. The passage of HEA represents an ideological shift in favor of federal involvement and equal opportunity, and a program design reflecting Lowi’s (1972) redistributive programs. While research had indicated that cost was the biggest barrier to access, the larger issue was to determine if access was even a goal worth

pursuing. In order to garner support for this law, President Johnson had to negotiate with states, higher education institutions, banks, and guarantee agencies, and he also had to rely on Democratic congress that shared his party ideologies. In fact, the student loan programs were added as a distributive program within Title IV of HEA as a way to garner support for the redistributive student grant programs that were in the title. Without single-party control of Congress, and without securing the support of relevant interests, HEA might never have existed. The evidence from this study suggests that, over time, Title I has become increasingly distributive, while the balance of grants and loans in FSA have went back of forth, shifting the balance between the distributive and redistributive elements of the FSA programs. In 1992, another political decision impacted HEA. While information had unequivocally supported direct loans as a more cost-effective alternative to direct loans, opposition from interest and ideological factions prevented the program from taking over the student loan programs, and resisted expansion of the program for over 15 years. Similarly, despite numerous cost and effectiveness estimates that suggested tax credits would be expensive and have limited impact on access, they were enacted anyway, due to support among the Republicans who were in control of Congress at the time, and distrust of those estimates, because they were based on assumptions about such credits, since they had never been implemented.

ESEA also faced several decisions that are best explained by political/incremental models of decision making. At passage, the elaborate set of titles included to address ideological, interest group, and institutional conflicts were dominant. In 1970, as a result of the election of the Republican President Nixon, the law began to experience changes reflecting the preferences of new ideological and interest group preferences. However, high levels of ideological and institutional conflict between the president and Congress generally resulted in limited and

incremental changes. These incremental changes ended with the election of Carter and a unified partisan control of Congress, leading to further political expansions of Title I. Again in 1981 and 1984, a Republican President Reagan attempted to push a Democratic Congress to change Title I, but conflict among ideologies, interests, and institutions resulted in limited changes, which continued through the administration of George HW Bush. In 1994, President Clinton was able to push for standards, but opposition from states and Republican members of Congress resulted in limited accountability requirements around those standards. Under a Republican Congress in 1999, political conflict caused ESEA to miss its reauthorization, and it was only reauthorized in 2001 after a shift in national mood that occurred after the September 11 attacks. Since then, the political conflict has resurfaced, resulting in the current (as of this writing) stalemate in ESEA reauthorization.

### Interactive Decision Making

This study suggests that practitioners and scholars have been constrained by the two dominant models of governmental decision making. Although numerous scholars have abandoned a purely rational or a purely political approach in favor of models that incorporate both, this work has largely continued to rely on their previously established tenets, assumptions, and goals. Thus, although rational models, which are often used to justify performance reforms, have begun to incorporate multiple measures, considerations of politics and strategy, they continue to focus on decisions made as a direct result of specific performance findings. Similarly, political approaches have acknowledged that the political makeup of actors is not the only contributing factor to decisions, and that performance information, in some instances, may result in non-incremental decisions. However, these approaches ultimately continue rely on models of punctuated equilibrium to explain non-incremental changes. As shown in the previous

section, the rational/technical approach is sometimes accurate, as is the political/incremental model, but neither can explain the full breadth of decisions made about these two programs.

This research examines a third approach, an interactive model of decision making, which is capable of explaining the degree of rational and political influence on decisions. This study does so by moving the focus of research from the outcome of the decision to the decision making process. Of the interactive models presented in chapter 2, this study relies primarily on the interactive dialogue model developed by Donald Moynihan (2006), which is based on the interactive exchange of information amongst decision makers. Dialogic models, like Moynihan's interactive dialogue model, add an additional nuance to the garbage can and policy stream theories (Kingdon, 2003). Whereas those models consider independent problems and solutions flowing into situations where they may be coupled and passed, they scarcely discuss the interaction between participants, which can frame and shape those problems and solutions, and define the terms of decisions. In a dialogic model, information use is seen as a *process* of presentation, exchange, and interpretation of information between stakeholders in a given area (Moynihan, 2008). This interaction may lead to shared understanding, greater agreement, and coordinated action amongst stakeholders, but it may also fail to resolve conflicting opinions or synthesize different sources of information. In the former case, decisions reflect rational/technical expectations. In the latter, they reflect political/incremental expectations.

Chapters 5 through 7 showed that consideration of Weiss' (1979) four Is of evidence in the decision making process helped to explain decision outcomes in this interactive framework. Specifically, by examining the level of conflict in each of the four Is, the reason for each of the decisions for both programs became clear. This suggests that there may be mechanisms related to conflict that may have predictive value over whether a particular decision will be more rational

or political, and supports the first research hypothesis. This section will reiterate discussion of the associations that were identified in those chapters by examining the impact of technical conflict on decisions, as well as the differences and similarities between conflicts in the three political factors.

### The Role of Conflict Decision Making

Throughout the comparative case studies, several types of decisions were examined. Each case began with consideration of the initial creation of legislation, which occurred in 1965 for both programs. From then on, each decision can be broadly categorized into two types, those related to setting goals and direction, and those related to implementation and process.<sup>27</sup> Consistent with the expectations of a politics-administration dichotomy, decisions that occurred in times of low political conflict were highly concentrated in the implementation types of decisions (Wilson, 1887). However, consistent with the challenges to such a dichotomy, administration cannot be separated from politics, and implementation decisions often faced high levels of political conflict (Waldo, 1948). All three types of decisions (adoption, goal setting, and implementation) will be examined in the context of the three decision making models. This examination will consider the type and amount of conflict to test the first hypothesis that increased conflict will be associated with a tendency toward political/incremental decision making.

The adoption of both HEA and ESEA legislation were characterized by technical and political conflict. In both instances, the strong partisan advantage of the Democratic Party under President Johnson and a Democratic Congress with a supermajority helped ease ideological and

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<sup>27</sup> For the purposes of this section, the amount of appropriations, which may have indirect impacts on goals, are treated as a process decision, but budget acts, which often include legislation other than appropriation amounts, may be considered in either category.

institutional resistance to the laws. To some extent, both laws had to address some conflictual interests in order to be passed, though this was a larger issue for ESEA than for HEA. Finally, both programs experienced technical conflict prior to passage. However, since adoption of a law, by definition, occurs before a program exists, this technical conflict was primarily related to a lack of information or agreement over the impact of the laws.

For HEA, the partisan alignment of Democrats was nearly sufficient on its own to achieve passage of the act, and to create a student loan program, but two interests continued to voice concerns, which President Johnson had to address. First, guarantee agencies objected on ideological grounds, claiming that the federal government should not be involved in the guarantee market. In response, President Johnson agreed that the government would only become active in cases where no private entity was willing. Banks, however, rejected the proposal on the grounds of their own self-interest, arguing that the subsidized interest rate was too low to be profitable. President Johnson convinced them, however, that the combination of interest rate with the future business of students who had received loans would likely be even more profitable. He provided this information to the banks through a personal anecdote, which helped convince the banks to support the law.

ESEA was opposed by a combination of ideology and interests. The Brown decision and the Civil Rights Act of 1964 had resolved some of the issues that had caused other education bills to fail. However, the ideological opposition to federal involvement in education, and support for the separation of church and state, coupled with the interests of teachers' unions and civil rights groups, resulted in high levels of political conflict that had to be resolved. As noted before, ideological concerns tend to be linked strongly to interest groups. As a result, the actions of states interests are intertwined with the anti-federal ideology, and the actions of religious

groups are intertwined with a pro church-state ideology. Thus, it is hard to distinguish interest relative to ideology in these cases. What is clear, however, is that these ideological and interest group conflicts were resolved in ESEA by distributing different benefits to each group, in different sections of the bill. Further, technical conflict over how to distribute funds was avoided by relying on an established source of data (the census) despite the fact that it was several years out of date; additional technical conflict over the impact of title I was avoided by requiring local evaluations of Title I programs. However, partially because of the difficulties that Local Education Agencies (LEAs) faced in conducting such evaluations, and partially because of local interests attempting to preserve local control of education, these evaluations were completed by very few LEAs.

#### The Disparity of Impacts among the Three Political Is

The previous section showed that the passage of HEA and ESEA both indirectly considered information, but primarily conformed to the expectations of the political/ideological model of decision making. However, an examination of the goal setting and implementation decisions that occurred after adoption will demonstrate that the decision making process varies over time, and is impacted differently by conflict in the three political factors of ideology, interest, and institutions. Whether ideological, interest-based, or institutional, high levels of conflict resulted in three possible outcomes: control, compromise, or delay. Control occurs when one side of a conflict has a sufficient advantage to enforce their will on the other side. Compromise occurs when both sides have comparable amounts of influence, but manage to find a decision that is acceptable and beneficial to each. Delay occurs when the balance of power is similar, but agreement cannot be reached.

Ideological conflict, in these cases, resulted overwhelmingly in delay. Prior to 1965, this was the case for elementary and secondary education policies, which were overwhelmingly defeated to maintain the status quo. It was also the case for the early years of direct loans, which were resisted early on. These types of delays were occasionally overcome in one of two ways. In the first, partisan realignment can result in changes from the status quo. Specifically, unified control of government by a single party occasionally resulted in the passage of major ideological shifts, as it did after the re-election of President Johnson in 1964. The other way to overcome ideological conflict is through reframing of an issue, which tends to be a result of information. For example, “A Nation at Risk” reframed ESEA from consideration of equity to one of quality, which eventually led to expansion of the federal role through bi-partisan action. Crises, such as 9/11 and the economic collapse of 2008, can also spur the reframing of issues to overcome ideological conflict, as they did with the passage of NCLB and the Direct Loan takeover of student loans in 2010.

Interest group conflict varied within Wilson’s (1989) typology of different kinds of politics<sup>28</sup>. In cases of client and entrepreneurial politics, the outcomes were similar. Specifically, political conflict in these situations tended toward delay, unless the interested parties received some benefit (in the case of client politics), or had some cost reduced (in the case of entrepreneurial politics). For example, for client politics occurred at the passage of the HEA and ESEA. Specifically, the interested clients – banks and guarantee agencies for HEA and teachers’ unions, civil rights groups, and catholic schools for ESEA – had to be given sufficient benefits to win their support. For entrepreneurial politics, the example of banks and direct loans is an example. Banks successfully resisted the implementation and expansion of direct loans, until

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<sup>28</sup> In these cases, there were no instances of majoritarian politics to examine, so the focus is on client politics, entrepreneurial politics, and interest group politics



they successfully lobbied for capital to underwrite loans in 2008, which prevented them from opposing further federal control in 2010. Similarly, state interests, who were opposed to NCLB, relaxed that opposition when Senator Kennedy (D-MA) won large federal spending increases for Title I to defray the costs to states. In cases of interest group politics, the outcomes of decisions were more similar to decisions during ideological conflict. This finding reaffirms the earlier statements about the difficulty of separating interests and ideology in cases where interest groups have formed to protect a particular ideological stance.

Institutional conflict, like ideological conflict, usually resulted in delay or was overcome by partisan alignment between the president and Congress. However, one aspect of the political decision making process that tended to occur in times of political conflict is strategic action to change the scope of conflict. This occurred several times for both programs, when either Congress or the President attempted to move either of the bills into the budget process, rather than changing them through the normal authorization process. This also happened in 2009, when President Obama managed to get massive increases in funding for Pell grants and substantial funding for his Race to the Top program, supplementing regularly appropriated FSA and Title I education funds, in the passage of the American Recovery and Reinvestment Act. These strategic actions, on the whole, were less straightforward than the examples of other political conflict, likely owing to their relationship with the complex structures of government institutions in the federal government.

This section has shown the different ways in which different political factors have been addressed through the decision making process. This evidence provides some insight into the different ways that decisions are made in the presence of these conflicts, and highlight various factors that can be explored more closely in future research. In summary, it has shown that the

interactive model appears to be the most valid of the three models when it comes to explaining the range of adoption, goal setting, and implementation decisions of these two programs.

Additionally, the differential findings of the types of political conflict suggest that, while the first hypothesis is supported by this evidence, it could be modified to account for these different types of impacts, and to incorporate the three types of decision outcomes.

### Hypothesis 2: The Impact of Bureaucratic type on decision making

A program cannot be classified into a bureaucratic type before it exists, so the passage of HEA and ESEA cannot be examined in these terms. However, subsequent goal setting and implementation decisions can be analyzed in the context of bureaucratic type, since these decisions impact existing programs. As discussed throughout this study, FSA student loan programs resemble a production organization, in which both process and outcome are more easily measured than other program types. Title I programs resemble a coping organization, where neither process nor outcome is as easily measured as other program types. This research has found that the inability to measure process and outcome was a primary source of technical conflict. It has shown that lower levels of technical conflict will result in tendencies toward rational models while higher levels of technical conflict will tend toward political/incremental decision making. This study has revealed a consistent association between high levels of technical and decreased conformity with the expectations of rational/technical models of decision making, and these examples come primarily from the Title I programs. For example, prior to the NIE studies of compensatory education, there was sparse agreement on what could be measured or how to measure anything related to the impact of Title I programs. During this period, major legislative decisions related to the program were consistently a result of partisan alignment and interest group activity, and rarely a result of the direct application of information.

In contrast, many of the decisions related to FSA student loans were based on a direct consideration of information. This evidence provides initial support for the second hypothesis.

However, this does not tell the whole story. Any claims that production organizations conform to the rational/technical models while coping organizations conform to political/incremental models would be far from accurate. Instead, it appears that there are fewer instances of technical conflict in production organizations, and in the absence of technical conflict, the potential for rational decision making increases. However, other evidence from the cases suggests that the degree of rationality, even in production organizations, varies with the amount of political conflict in the decision making process, as described in the section above. This evidence also suggests that coping organizations sometimes experience moments of low technical conflict over some aspects of the program, which have led to decisions that conform with the expectations of a rational/technical model. Table 9-1 shows the various sources of information that were cited for HEA loan programs, the function they served, and the degree to which they conform to the expectations of each decision making model, while table 9-2 does the same for Title I grants to states and local education agencies.

In the early 1990s, there was strong agreement from multiple sources, including the Democratic Congress, sources within the Republican administration, the Congressional Budget Office (CBO), and the General Accounting Office<sup>29</sup> (GAO), that Direct student loans, provided by the federal government, would be more cost-effective than guaranteed student loans capitalized by banks. Despite this technical consensus, stiff opposition from banks, from President George HW Bush, and from some Republican members of Congress successfully limited the implementation of direct loans to a pilot program. This program, even after being made permanent after President Clinton was elected, was resisted by established interests and

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<sup>29</sup> Now the Government Accountability Office

opposed on the basis of ideological opposition to direct involvement of the federal government, and remained limited for over 15 years. Not until 2010, when the issue of the economy dominated the political landscape, did direct loans take over the guaranteed loan approach.

Table 9-1 Information Sources, and their conformity to model expectations for HEA

Information Source	Years where it was Used	Function	Technical Conflict	Political Conflict	Rational/ Technical	Political/ Incremental	Interactive
Truman Report	1965 1968	Support For Preexisting Opinion		X X		X X	X X
Gardner Report	1965 1968 1976	Support For Preexisting Opinion		X X X		X X X	X X X
Bank Reports	1968 2010	Guidance Warning			X X		X X
Guarantee Agency Reports	1968	Guidance			X		X
Higher Ed Reports	1972 2008	Guidance			X X		X X
Rivlin Report	1972 1976	Support For Preexisting Opinion		X X		X X	X X
Treasury Report	1978 1998	Warning	X	X X	X	X X	X X
Budget/ Economy Reports	1980 1986 1992	Warning/support Warning/support Guidance/support		X X X	X X X	X X X	X X X
CRS Reports	1992 1998 2008	Guidance		X X		X X	X X X
GAO Reports	1992 2010	Guidance		X		X	X X
CBO Reports	1992 1998 2008 2010	Guidance		X X		X X	X X X X
ED Reports	1992 2010	Guidance		X		X	X X
GPRA	1998	Guidance			X		X
PART	2005	Guidance			X		X

As shown in Table 9-1, the interactive model, which allows for information to have direct and indirect impacts, as well as no impact, explains the use of information in each of 30 instances in which information was utilized in HEA debates. In most of those instances, either the rational/technical model (13 instances) or the political/incremental model (13 other instances) also explained the method of use. In 3 instances, all related to budget/economic reports, information was utilized in ways that conformed to the expectations of all three models.

Of 30 times where information was cited in decision making for HEA, only 1 instance occurred where there was technical conflict. In 1998, there were several reports discussing the regressive and cost-ineffective nature of tax credits. Republican legislators, who were in the majority, argued that such estimates were unreliable because there was no existing program on which these estimates could be based. They rejected the information and passed tax credits for higher education anyway. In the other 29 instances of information use, that information was not contested by either side. 18 of those 29 cases occurred during times of political conflict. In each of the 11 cases where there was neither technical nor political conflict, the rational/technical model was more accurate than the political/incremental model. In the other 18 cases, the rational/technical model only had explanatory power in 4 instances, 3 of which were also explained by the political/technical model. This shows us that a lack of technical and political conflict resulted in mostly rational decisions, and that the introduction of political and technical conflict mostly resulted in political/incremental decisions for HEA student loans.

Table 9-2 Information Sources, and their conformity to model expectations for ESEA

Information Source	Years where it was Used	Function	Technical Conflict	Political Conflict	Rational/ Technical	Political/ Incremental	Interactive
Academic Reports	1965	Warning	X	X		X	X
Gardner Report	1965	Guidance	X	X		X	X
Census	1968	Warning			X		X
ED reports	1968 (OE)	Guidance/Support	X		X	X	X
	1970 (OE)	Warning/Support	X		X	X	X
	1974 (OE)	Warning/Support	X		X	X	X
	1976 (OE)	Guidance/Support	X	X	X	X	X
	1984 (ED)	Warning		X		X	X
	1988 (ED)	Warning		X		X	X
	1992(ED)	Warning		X		X	X
	1994 (ED)	Warning		X		X	X
	2001 (ED)	Warning		X		X	X
LEAs	1974	Warning/Support	X		X		X
GAO	1976	Guidance	X	X	X	X	X
Presidential Administration	1981	Support for Preexisting Opinion		X		X	X
	1994			X		X	X
Statutory Requirement	1994	Guidance	X	X		X	X
State (Texas) Results	2001	Guidance		X	X	X	X

Information was directly utilized fewer times throughout the history of ESEA than it had been in HEA (only 18 instances). Again, because the interactive dialogue assumes neither use nor non-use of information, it accurately explains all 18 instances. Unlike HEA, the majority of times that information was used for ESEA occurred despite technical conflict (9 instances). In 5 of these 9 instances, there was not strong political conflict, and in each case the supporters cited information to support their preexisting opinions, resulting in decisions where the outcome reflected the information (rational/technical) but where the political use of information was key (political/incremental). In the four cases where there was both technical and political conflict, two resulted in decisions that favor the political/technical model, while two others conformed to both models. These two are the NIE studies, conducted by Paul Hill, and a GAO report that

reviewed those studies. In both cases, the studies explicitly acknowledged technical and political conflict, and each was cited by both sides of the conflict. As a result, the information was used both rationally, to impact specific decisions, but also politically, to support each side of the conflict. Only once case of information utilization without technical or political conflict occurred over this period, and that instance conformed most to the rational/technical model. The final 8 information uses occurred with political, but not technical conflict. Each of these most accurately fit the political/incremental expectations.

“A Nation at Risk” clearly and unequivocally demonstrated that the nation’s education system was not competitive internationally, and a technical consensus developed around these findings. 5 of the 18 uses were actually citations of the report in successive ESEA reauthorizations. Even though he ignored the findings of the study, President Reagan praised it publicly for its accuracy. By 1988, a technical consensus had developed around the issue of the quality of schools in America. However, political conflict, including ideological differences between President George HW Bush and a Democratic Congress, interest group opposition, and institutional conflict between Presidential and Congressional authority prevented any major changes from occurring. Partisan alignment under Clinton resolved one of these differences, resulting in the creation of national standards, but continued ideological and interest group opposition from states, teachers’ unions, and civil rights groups managed to prevent the inclusion and enforcement of accountability measures for those standards. This opposition was overcome by a cultural shift in politics after 9/11, as Congress attempted to demonstrate it could work together, resulting in the passage of accountability measures in NCLB. However, these political conflicts have resurfaced, buttressed by mixed evidence on the impact of NCLB, and are pushing

for a relaxation of those accountability measures, some of which have been granted by President Obama in the form of waivers.

Table 9-3 Number of decisions meeting model expectations by type of conflict present<sup>30</sup>

<b>Conflict</b>	<b>HEA Student Loans</b>				<b>Title I Grants to States and LEAs</b>			
	<b>Total</b>	<b>Rational</b>	<b>Political</b>	<b>Interactive</b>	<b>Total</b>	<b>Rational</b>	<b>Political</b>	<b>Interactive</b>
<b>Neither Technical nor political</b>	11	11	0	11	1	1	0	1
<b>Technical only</b>	0	0	0	0	4	4	4	4
<b>Political only</b>	18	1	18	18	8	0	8	8
<b>Both Technical and Political</b>	1	0	1	1	5	2	5	5
<b>Total</b>	30	12	18	30	18	6	17	18

Table 9-3 provides a summary of the conflict scenarios and information uses of both programs, which is a summary of tables 9-1 and 9-2. This shows that the interactive models are capable of explaining the full range of decisions that occurred between 1965 and 2012 for these two programs. It also shows that the political/incremental model was more accurate than the rational model overall. However, when conflict is considered, it shows that the rational/technical model explains all decisions that occurred when there was neither technical nor political conflict. In all 4 cases where there was technical but no political conflict, which all occurred for ESEA, both models partially explained all 4 decisions. Of 26 decisions that occurred with political, but not technical conflict, all 26 decisions met the expectations of the political/incremental model, and only one also conformed to rational expectations. This one occurred when there was technical consensus over tax credits, but a high level of political conflict. However, because

<sup>30</sup> Numbers in the “Total” columns of Table 9-3 represent the number of decisions occurring for each case over the entire 1965-2012 period where no conflict was observed, where there was either technical or political conflict, or where both forms of conflict were observed. The numbers in the rational, political, and interactive columns show how many of the outcomes of those decisions complied with the expectations of each of these models.



there were Democratic supermajorities for that decision, the political conflict only had a minor impact on the outcome. In the 6 decisions where both types of conflict occurred, all 6 also met political/incremental expectations. In two of these 6 cases, the rational expectations were also met, because the NIE and GAO reports both explicitly acknowledged and attempted to address the political and technical conflicts surrounding the decisions.

In the section on the role of conflict in decision making, evidence that political conflict explains variation in the degree to which decisions conform to the three models of decision making supported the first research hypothesis. This evidence strengthens that finding by showing that technical conflict has a similar effect. Additionally, this section's evidence that bureaucratic type has been associated with the level of technical conflict, and with the degree of rationality of a decision, supports the second hypotheses. The evidence is clear, however, that bureaucratic type does not tell the whole story, and that neither the rational/technical model nor the political/incremental model is predictive of all the decisions of either program. This shows that the degree of political conflict remains important in the consideration of any government decision, regardless of program type.

The next section will examine technical conflict more closely, with a focus on the role of information on resolving technical conflicts and influencing decisions. This information will include, but not be limited to, performance information created by the Government Performance and Results Act (GPRA), the Program Assessment Rating Tool (PART), and the GPRA Modernization Act. In this section

### Hypothesis 3: Information in the Political Decision Making Process

Production organizations have low technical conflict because they have clearly defined and agreed upon goals, which are relatively easily measurable. In other words, the assumptions

of performance management, laid out in chapter 3, are generally accurate for production organizations. In contrast, technical conflict in coping organizations tends to be high due to a multiplicity of often-conflicting goals for which neither the processes nor the outcomes can be easily measured. There is a tendency for the assumptions to be violated for coping organizations. However, this study has shown that production organizations are not immune from technical conflict, nor are coping organizations blind to technical consensus. Information's role in the decision making process is also related to the political environment.

When there is neither technical nor political conflict, as shown above, information tends to be taken at face value and used in a deterministic way, resulting in decisions that conform to rational expectations. This was the case when FSA student loans were experiencing high rates of default, and studies found that this was occurring because students were being asked to repay loans before they had sufficient income to do so, and so deferment options were added to the loan programs. This was also the case for Title I, when reports of states and local education agencies de-funding schools after receiving federal funds led to requirements to “supplement, not supplant” federal funds. The traditional justifications for performance management come to fruition in this environment. For example, with FSA loans, GPRA performance metrics, in fact, were the root source of information about the default rates just discussed. Similarly, a PART assessment finding that an increase in direct loan limits would create additional support for students receiving loans, this suggestion was incorporated into law in the Deficit Reduction Act of 2005. Performance metrics for Title I did not provide an example of this type of direct impact.

As described in the preceding section, political conflict has a strong impact on the decision making process, and this persists whether or not there is technical consensus. When there was political conflict in FSA student loans and Title I, information appeared to be used

primarily to support preexisting opinions by one side of the conflict, and ignored by the other. However, the technical consensus that built around “A Nation at Risk” provides an example where information served an enlightenment function, which eventually led to a reframing of this political debate and a major shift in policy. This is the only example from these cases in which information had a deterministic impact while there was political conflict, and shows that the process for information taking hold can be gradual and occur over long periods of time. Although there are no examples from these cases of performance information being used to overcome political conflict, this finding reinforces the importance of considering performance findings broadly and over time, not just on their immediate impacts on budget decisions.

In this study, technical conflict and political conflict were highly correlated. However, there are some cases where technical conflict existed in times of political consensus. The best example of this was the passage of NCLB. At the time of passage, there was strong political agreement and more than 90% of the members of Congress voted in favor of the act. This agreement over the need for standards and accountability has persisted in the ensuing 12 years, as expressed by President Obama in the statement he made while issuing waivers to states from the law: “the goals behind No Child Left Behind were admirable, and President Bush deserves credit for that. Higher standards are the right goal. Accountability is the right goal. Closing the achievement gap is the right goal. And we’ve got to stay focused on those goals.” However, there is still technical conflict over the correct way to measure these outcomes and the processes required to create them, and that conflict is a continuing source of delay to ESEA reauthorization.

Political and technical conflict, when they occurred together, generally resulted in delay until one or the other, or both, could be overcome. In debates where both types of conflict are

present, the result was that each side of the political conflict would attempt to utilize information that supports their preexisting opinion. Because there is no technical consensus, this results in all sides being able to identify and utilize information to support their views. This finding reinforces the importance at considering the variety of sources available to decision makers, because conflicting sides may rely on opposing sources of information to justify their decisions. For example, for NCLB, some cite findings of improved test scores in Texas, while others focus on increasing drop-out rates in the same schools.

Given that decision makers have exhibited a tendency to search for additional sources of information when there is political and technical conflict, Chapter 8 focused on the production of these additional sources. The findings from that quantitative analysis showed that, for organizations where technical conflict is high (Craft and Coping organizations), the response to public provision of performance information is an increase in production of information in academic sources of information. In other words, in organizations where there is a higher likelihood of decision makers seeking information, the public provision of performance information does not resolve conflict, but spurs the creation of additional information that can be used. Although this does not necessarily mean that additional information will be utilized, the combination of findings that decision makers will seek more information and that more information will be concurrently produced provides some indication that this might be the case.

The findings from the case studies and the quantitative analysis both support the third hypothesis by showing that there is a search for, and production of, alternative sources of information when there is higher political and technical conflict. However, these findings do not explicitly find that the additional information being produced is the information that decision makers are searching for and eventually utilizing.

### Suggestions for Future Federal Performance Efforts

Several aspects of this research project are significant to theories of governmental decision making, our understanding of the policy process, and the theories and practice of performance measurement and management. The process of political decision making is not well understood, and to the extent that performance information is considered, it has mostly been expected to occur in Congressional appropriations decisions. This study has applied an interactive model of decision making, along with Weiss' (1979) four Is of evidence, and has considered the role of conflict in the decision making process. This is one of the first studies to apply this framework to an in-depth examination of specific issues and programs. In doing so, this study contributes to the development of an empirically grounded theory to explain the role of ideology, interests, institutions, and information on the process of governmental decision making, the relationship among those factors, and situations where each is dominant. It has done so for the adoption, goal setting, and implementation stages of the policy process. Additionally, this research embeds performance measurement and performance information into the larger context of information, by examining alternative sources of information, in an attempt to develop a better understanding of the impacts of national performance efforts in the United States, and of their place within the federal decision making process.

Placing performance measurement into this context has several important implications. It challenges the decades of repeated findings that performance efforts have had no impact on the operation of government. It does so by unfettering performance measurement from a focus on a singular budget decision and examining its other direct and indirect impacts on the decision making process. Instead of asking whether performance information leads to different budget decisions, it asks instead how performance information impacts the policy dialogue, and how that impact translates to the decisions that are made, even if performance information is used

symbolically or not at all. This framing of performance measurement within an interactive model of decision making can provide future performance reformers insight into how their approaches to measuring performance ultimately impact the information available to decision makers and the decisions they make. Knowledge of such impact is the first step to improving the design of performance efforts to better reflect the decision making process across different governmental contexts. This may ultimately enable us to determine whether policy decisions are better informed, rather than focusing on whether budget figures are solely and directly tied to performance information.

All together, these findings provide compelling evidence to reaffirm findings about the limitations of performance information. This research clearly reaffirms the finding that performance efforts are not a panacea for decision making and that a one-size-fits-all approach to decision making is untenable (Radin, 2006). This study further highlights the impact of political conflict over goals. The performance literature has attempted to address this in the past by highlighting the importance of measuring multiple goals, so that identified tradeoffs can be considered. This research shows that some goals, such as ‘closing the achievement gap’ cannot be easily measured and that more information may result in a better understanding of complexity without providing a better understanding of how to successfully pursue the goal.

Current and future performance efforts can benefit from a recognition that some conflicts, both political and technical, can and will not be resolved, and an acknowledgement that it is not appropriate to attempt to resolve political conflicts through the design of a performance measurement system, and that it may not be possible to resolve technical conflicts in a single performance effort. The current performance literature suggests that, by measuring multiple goals, consideration of tradeoffs can occur. However, these recommendations only implicitly

deal with how this tradeoff issue is resolved, and they tend to assume that the resolution of political conflict over goals will occur through the performance management effort. This research has shown clearly that the measurement of performance information will not create information relevant to all users and cannot resolve these conflicts. Further, it has shown that, when performance efforts attempt to resolve these conflicts, they lose stakeholder buy-in from decision makers who disagree with the proposed resolution on political grounds.

Given this, these programs can benefit from moving beyond the simple measurement of multiple goals, and instead focus identifying and explicitly acknowledging conflicting goals and the resulting conflicting needs of users. By doing so, they can focus on measurement of all identified goals, and attempts to understand causal relationships driving the tradeoffs among them. By nature, this will have to be tailored to individual programs to account for their individual contexts. The most recent performance effort, the Government Performance and Results Act Modernization Act (GPRAMA), attempts to move in this direction by tasking individual agencies who work in cross-cutting areas to collaborate and work together to develop performance measures. However, as shown in the student loan case, this and other GPRAMA requirements were not able to overcome or resolve the political conflict of whether or not it was appropriate for FSA to measure graduation rates. If performance efforts attempt to provide information on all goals, and explicitly note the conflictual tendencies among them, it may lead to information being used for its enlightenment function, and serve as the foundation for an eventual building of technical consensus. Like “A Nation at Risk,” this technical consensus might eventually reframe the political debate and provide a means for resolving the political conflict through the political process. While the measurement and understanding of all goals may fall short of establishing technical consensus in all cases, it will serve as a source of information

about tradeoffs that can be accepted by both sides of a conflict. This means the performance system will not make a normative judgment about the proper balance between competing goals, but will provide sufficient detail for decision makers to arrive at a decision about balance, without having to rely on other sources. Thus, the search for and symbolic utilization of opposing sources of information can be mitigated and replaced by dialogue that acknowledges and intentionally makes tradeoffs among competing goals.

This is similar to the approach that was used by Paul Hill and the NIE studies of compensatory education. By presenting information on all the competing goals, these studies provided a common language for decision makers to discuss the various goals of Title I. While the studies did not clarify goals or eliminate conflict among them, it fundamentally changed discussions of Title I in a way that allowed decision makers to resolve some of these conflicts. By following this example, performance efforts should begin with an identification of a comprehensive set of goals (those supported by all stakeholders), and attempt to describe the relationships among them, in addition to measuring the changes in performance of each goal individually.

There is a possible limitation that is important to consider with this recommendation to measure all goals and explicitly acknowledge the conflict and tradeoffs among them. Specifically, given the resource limitations of performance efforts, the uncertainty about correct measurement of many outcomes, and the limitations of different approaches to measurement, it may often be unfeasible to take a comprehensive approach to defining all relevant goals and measuring progress toward them. In this case, where only a subset of goals are measured, performance system designers must explicitly acknowledge any goals they have chosen not to include, provide detailed accounts of their data collection methods, and explicitly discuss the



limitations therein. It is in this step that the creation of usable knowledge, even when not comprehensive, can be used to complement other sources, rather than being used politically to cancel each other out.

### Continuing Research Agenda

Current scholarship and practice on government decision making and performance measurement show that performance information may sometimes be considered in decision making processes and that it is one of several factors that impacts decisions, including other types of information. It shows that this utilization rarely conforms to the original justifications provided by performance proponents, which suggest that performance should have a deterministic impact on program budgets. While the importance of context in decision making is already established in the theory and practice of decision making, this study adds to current knowledge by illustrating some of these differences in the context of different programs, policy areas, and performance measurement efforts. Specifically, the current literature contains three competing models of decision making, and this study shows that consideration of conflict and the four-Is can explain the explanatory power of those three models. In addition, this research shows that performance information should not only be considered as one factor used in decision making, but that, its impact on the availability of the other information that can be used by decision makers is also important. Ultimately, future studies of decision making can rely on the interactive dialogue model and the four-Is of evidence to explore and understand decision making across government programs and contexts. To that end, this section proposes a research agenda, moving forward, that focuses on three research goals.

The first research goal is to develop a better understanding of how decisions are made, and how information supports those decisions, so that information related to policies and

programs can be targeted where it is likely to be useful and utilized in more than a symbolic way. The first step toward this goal is a modification of the first hypothesis of this study, based on the findings discussed in this chapter. This study has shown that the interactive model appears to be the most valid of the three models when it comes to explaining the range of adoption, goal setting, and implementation decisions of these two programs, and that this can be explained by the consideration of conflict. It has also shown that different types of political conflict result in different types of decisions. The first hypothesis can be modified to account for these different types of impacts, and to incorporate the three types of decision outcomes. The original hypothesis was that the amount of political and technical conflict present at the time of a decision will impact the degree to which that decision conforms to specific models of decision making.

Incorporating the findings from this study allows this to be revised into three separate hypotheses. First, the presence of political and technical conflict will be associated with low conformity to the expectations of rational/technical models of decision making. Second, high levels of conflict will have a tendency toward political/incremental decision making characterized primarily by delay and maintenance of the status quo. Finally, resolution of conflicts will be characterized by control, compromise, or reframing, depending on the type of conflict and the political environment. This third hypothesis will predict that ideological conflict will generally be resolved through control (one group outnumbers the other), interest conflict will tend to be resolved through compromise (mutual partisan adjustment), and ideological conflict will tend to be resolved through strategic reframing (movement into the budget process, for example).

These hypotheses can be explored through a return to related literatures that can further develop the findings from this study. Specifically, extant literatures on ideology, interest groups,

and institutions, which were treated broadly in this study, can be incorporated in future work to provide more insight into the importance of, and relationships among, these political factors. This future work can examine these three hypotheses to determine if the evidence from these two cases is consistent with other federal programs.

The second research goal is to develop a better understanding of the broad and gradual impacts of performance management efforts. The original proponents of performance assume a rational/technical model of decision making that results in direct use of information to make immediate changes. This study shows that this assumption is rarely accurate, but occurred most often in a production type program, when compared to a coping type. The study found that this relationship was imperfect, suggesting that the second hypothesis, which stated that Bureaucratic type will be associated with the accuracy of the decision models, with production organizations tending toward the rational/technical model and coping organizations tending toward the incremental/political approach, should be added to. Future research could further examine the individual components of programs that are most amenable to performance measurement. Future research can test a new hypothesis that decisions related to implementation, relative to those related to adoption and selection of competing goals, will tend toward utilization of performance information that conforms to the expectations of rational/technical models of decision making, to see if it provides an accurate description of the conditions under which performance information will be utilized as its proponents have suggested it should.

This study also focuses on the indirect effects of performance information and on the impact of information from these efforts and other sources in a variety of political contexts. The current performance literature rarely considers competing sources of information when considering the impact of performance efforts. This research has taken a very small step toward

incorporating other information by showing the conditions under which performance management has had indirect impacts on FSA student loan programs and Title I. It has also shown that political conflict can result in a search by decision makers for alternative information, and that the production of performance information can result in increases in the production of academic information. Future research can further explore the relationship between performance information and information from other sources, with the ultimate goal of understanding how information diffuses through the policy dialogue and how technical conflicts can be resolved. Ultimately, this could be pursued by examining a modification of the third hypothesis, stated to add the consideration of the link between the production and use of information: Public provision of performance information will be associated with an increased **production of, search for, and utilization of other** types on information, and this association will be stronger for programs where there are higher levels of political or technical conflict.

When this hypothesis is considered with the recommendation for the practice of performance measurement, that all goals should be measured, or that the limitations involved when only a subset of goals are measured should be explicitly discussed in information, it is important to note that, especially in the context of the open-government movement in the United States, that there is a real risk for information overload. It is because of this risk that limitations of research and details of research design should be made explicit in all studies, so that decision makers can understand which pieces of research fit their needs, which do not, and how the results of one should be compared to the results from another.

This study provides one example of following this advice. By using a mixed methods approach, this research was able to provide information on a range of goals specific to the two case studies, but also provide a broader picture of the context under which information is being

created on a wider scale. By presenting a historical framework, and through direct, intentional application of Weiss' four-I framework (1979), the comparative case study approach was able to look at both political and technical conflict, to understand decisions through all three competing theories of decision making, and to incorporate a range of scholarly frameworks, including Wilson's (1989) typologies of bureaucratic organizations and interest group politics, Lowi's (1972) framework of distributive and redistributive policy, and Salamon's (2002) tools of government. This allows a contextually sophisticated understanding of the political relationships and competing goals in each of these two cases, and shows that the use of quantitative models, which focus narrowly on one aspect of a decision's outcome, are ill-suited to understand the full impact of performance efforts.

Further, by utilizing a quantitative model, focused on a broader area of information production, this study was able to provide a wider contextual picture of the relationship between the public production of performance information and the production of peer-reviewed research, as well as insights into the other factors that influence the creation of information. This approach allowed for a teasing-out of the relative strength of individual variables, and showed that some expectations, derived from anecdotal evidence or from the qualitative cases, did not bear out as statistically significant across a broader selection of cases.

This study represents one effort to explore the impact of conflict on the decision making process, the use of performance information, and the indirect effects of performance measurement efforts as they pertain to alternative sources of information. This research finds the conditions under which traditional performance management approaches may be successful, where they are likely to fail, and what the likely decision outcomes are in each scenario. Future research, utilizing a range of methods and explicitly acknowledging the strengths and limitations

therein, can build from this effort to test these relationships and further develop our understanding of decision making and the potential value of federal performance management efforts.

## APPENDIX A

### INTERVIEW PROTOCOL

#### **Interviews with Program Officials**

##### **Dissertation on use of Performance Information in Direct Loan and Title I programs**

1. Name and Title of Interviewee: \_
2. Date of Interview:
3. Name of Program Office, subcomponent, and program: \_\_\_\_\_
4. How long have you been working with the program? \_
5. How would you describe your role in the following activities?
  - a. Development, distribution, and use of performance information?
  - b. Program budget decisions, including appropriation requests and outlays?
  - c. Program operations decisions, including regulations, operating procedures and other work processes?
  - d. Program strategy decisions, including setting of goals and oversight?
6. What is your experience, if any, with implementation of GPRA?
  - a. Strategic Plans?
  - b. Developing Performance Goals?

- c. Creating Metrics?
  - d. Measuring Performance?
  - e. Responding to Results?
7. In your opinion, what impact did GPRA have on the program:
- a. Budget decisions?
  - b. Operations decisions?
  - c. Strategy decisions?
8. What is your experience, if any, with implementation of PART?
- a. Strategic Plans?
  - b. Developing Performance Goals?
  - c. Creating Metrics?
  - d. Measuring Performance?



- e. Responding to Results?
9. In your opinion, what impact did PART have on the program?
- a. Budget decisions?
  - b. Operations decisions?
  - c. Strategy decisions?
10. What is your experience, if any, with implementation of GPRA Modernization?
- a. Strategic Plans?
  - b. Developing Performance Goals?
  - c. Creating Metrics?
- a. Measuring Performance?
  - b. Responding to Results?

11. In your opinion, what impact did GPRA Modernization have on the program?

- a. Budget decisions?
- b. Operations decisions?
- c. Strategy decisions?

12. Is there any other information, performance-based or otherwise, that impacts program:

- a. Budget decisions?
- b. Operations decisions?
- c. Strategy decisions?

13. In your opinion, what are the most important factors affecting the program's:

- a. Budget decisions?
- b. Operations decisions?
- c. Strategy decisions?

14. How would you characterize the consistency of information about the program? In other words, do various sources tend to have consistent conclusions about the program, or is there some disagreement about the program?

a. What are the major disagreements in findings?

b. When considering information, how do you decide which finding you believe is more likely to be accurate?

15. Who else should I contact, in the Department or otherwise, who is either involved in the creation and use of performance information about your program, or who has some impact on budget, operations, or strategy decisions?

## APPENDIX B

### ORIGINAL OUTLINE FOR CASE STUDIES

#### ***1. History of the program***

- a. Program Design
  - Tools of governance: politics determines policy, and vice-versa.
  - Bureaucratic characteristic (Wilson)
  - Existing system should be predictive of responses to other tools
- b. political and technical understanding at time of founding
  - Federalism issues
  - areas of agreement, compromise, policy windows
    - 1. in Congress
    - 2. among interest groups
    - 3. President
    - 4. Administration
    - 5. Interplay among actors
  - number of goals
  - complexity of each goal
- c. Budget details
  - Budget Process
  - Restrictions on use of funds
- d. Implementation details
  - Organizational Structure
  - Administrative processes
- e. Strategic (management, control, and oversight)
  - Statutory Requirements and Congressional oversight
  - Executive Orders
  - Program Regulations
  - Independent Oversight (including IGs and GAO)

## **2. Creation and Use of Information**

- a. Source – who initiated development of information, who was involved in development of indicators?
  - Internal
    - 1. Interest groups
    - 2. IGs and GAO
    - 3. CRS
    - 4. Scholarship
  - Imposed
    - 1. GPRA
    - 2. OMB/EOP
- b. Differences among different form of information/performance
  - Type of measures
    - 1. input
    - 2. process
    - 3. output
    - 4. outcome measures
  - Intended decision point(s)
    - 1. budget
    - 2. implementation
    - 3. strategic (management, control, and oversight)
  - Results
    - 1. Who conducted measurement activities, who evaluated the results?
    - 2. What were the results?
- c. Use/non-use
  - by agency, congress, or president in specific decisions
  - by any identified actor in dialogic context, including interest groups, policy entrepreneurs, citizens, media, and officials
  - Any direct challenges to validity or usefulness of the information?

### **3. Program decisions/changes**

- a. Source of support – political, technical, or both?
- b. What information was used to support changes?
- c. Budget
  - Authorizations
  - Appropriations decisions
  - Disbursement
- d. Implementation
  - Organizational hierarchy/restructuring
  - Key Personnel decisions
  - Process changes
- e. Oversight
  - White House initiatives
  - GPRA
  - Statutory changes
  - Interest Groups

## APPENDIX C

### ORIGINAL CASE COMPARISON OUTLINE

- Introducing the chapter
  - Summarize pieces of chapter 5 and 6, as relates to the type of decision made
  - Outline the chapter
    - Types of Decisions examined
    - Models of Decision Making
    - Role of Information
- Types of Decisions
  - Adoption of new policy
    - Context in 1965
  - Direction setting
    - Legislative changes, Era, and strategic plans
  - Implementation/Process
    - Formulas, eligibility, performance metrics
- Models of Decision Making
  - Similarities and Differences among types of decisions
    - Political Conflict and Multiplicity of Goals resulting from:
      - Ideological differences
      - Interest Group politics (Wilson)
      - Institutional Issues
        - Ascendant Branch
        - Program Design (Tools of Government)
    - Technical Conflict (Wilson's bureaucratic Type) resulting from
      - Inability to measure processes
      - Inability to measure Outcomes

- Rational/Technical Decision Making
  - Occurred more often in production org (as expected)
    - Low levels of technical conflict
  - Also occurred unexpectedly
    - Modifications to Impact Aid formula
  - Fails to explain some decisions
    - Resistance to Direct Loan programs despite full agreement on efficiency and effectiveness
- Incremental Decision Making
  - Occurred most often in Coping Organization (as expected)
    - High levels of technical conflict
  - Also occurred during periods of high political conflict
    - States' Rights (Ideology)
    - Divided Government (Institutions)
    - Graduation rates (DL) and Vouchers (NCLB) (Interests)
  - Fails to explain some decisions
    - Shift from Impact Aid models to Accountability Models
- Interactive Models of Decision Making
  - Considers the impact of all four-Is for each decision, and provides explanatory value for each decision, including those not explained by other models
  - Suggests mechanisms that drive decisions to become more or less rational/technical or incremental/political
    - Degree of rationality was low when there were high levels of technical conflict
      - Selection of Title I approaches
      - Accountability for Title I metrics
    - In the absence of technical conflict, the degree of rationality varied with the amount of political conflict
      - By 2010, Political conflict over DL was low, and rational decision was implemented (DL takeover)
      - In 1993, Interest-based political conflict was high for DL, and decision was political, despite technical consensus (Pilot)
      - In 1988, technical conflict over the poor state of education was low, but institutional conflict (divided government) prevented any action to implement accountability (HW Bush)



- In 1994, technical conflict was still low, but ideological conflict tempered ‘rational’ attempts to institute national standards (IASA)
- Types of political conflict lead to different interactions
  - Ideological political conflict tended toward incrementalism decisions, unless consensus could be developed in interests and/or institutions (sometimes with the aid of information)
  - Political conflict among interests differed by type in Wilson’s framework of interests
    - Majoritarian – low political conflict
    - Client Politics – political conflict tended toward incrementalism unless relevant groups received sufficient benefits
      - NEA+NCWC before and @ESEA passage
      - Banks and guarantee agencies before and at HEA passage
    - Entrepreneurial Politics – political conflict tended toward incrementalism unless costs to interest were sufficiently defrayed
      - Banks in 1992, 2008 for DL
      - States in 2001 and after for NCLB
    - Interest Group Politics – political conflict tended toward incrementalism unless consensus could be developed in ideological/institutional factors (sometimes with the aid of information)
      - NEA+NCWC in 1988 and 2001
  - Institutional conflict tended toward the status quo, unless consensus could be developed in ideological factors, or if institutions were changed (sometimes with the aid of information)
    - A Nation at Risk made education a ‘national issue’ ideologically
    - Movement of bills from reauthorization into appropriations/Omnibus (Tools of government)
- Role of Information (incorporating performance information throughout)
  - In absence of technical or political conflict
    - Deterministic. Decision related to information directly (warning/guidance)
  - Given political agreement but technical conflict
    - Symbolic use to support preexisting opinion
      - Opposing information used on opposing sides
    - Non-use
    - Enlightenment may be occurring to resolve technical conflict

- Political conflict with technical agreement
  - Use to support preexisting opinion by proponents
  - Enlightenment function gradually reframing issue
  - Non-use by opponents
- Political and Technical Conflict
  - Symbolic use to support preexisting opinion
    - Opposing information used on opposing sides
  - Use to support preexisting opinion by proponents
  - Non-use by opponents
  - Enlightenment may be occurring to resolve technical conflict
  - Enlightenment function gradually reframing issue
- Performance Information
  - Assumptions as political/technical conflict
  - Alternative Sources of Information
- Summary

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