

States and Higher Education: A National Perspective

Aims McGuinness

Presentation to the Special Task Force on UW
Restructuring and Operational Flexibilities,
December 7, 2011

National Center for Higher Education Management Systems
3035 Center Green Drive, Suite 150, Boulder, Colorado 80301-2251
(303) 497-0301



Outline

- Perspective
- Wisconsin in Comparative Perspective:
 - Higher Education Structures Across US
 - Origins and Characteristics of University Systems
 - Variations in Procedural Autonomy
- Changing Context for State/Higher Education Relationships
- Recent Changes and Proposed Changes
- Goals and Accountability and State/Higher Education Partnerships
- Lessons from Other States

Relationship Between State Government and Higher Education

No “Ideal” Model

- Each State’s Structure Evolved in Response to Unique State Issues/Conditions
 - Modes of Provision (Public vs. Private)
 - History/Culture
 - Role of Government
 - Governor
 - State Legislature
 - Geo-Political Balance, Regional Disparities
 - Budgeting and Finance Policy and Process

No “Ideal” Model (Continued)

- Not a Good Idea: Copying Another State’s Structure
—Imposing on One State the Solutions to Another State’s Problems
- But:
 - Alignment of Governance (Decision-Making Authority) with State Priorities **Is** Important
 - States Can Learn from the Experience of Other States in Addressing Common Problems/Issues

No “Ideal” Model (Continued)

- Not a Good Idea: Copying Another State’s Structure
—Imposing on One State the Solutions to Another State’s Problems
- But:
 - Alignment of Governance (Decision-Making Authority) with State Priorities **Is** Important
 - States Can Learn from the Experience of Other States in Addressing Common Problems/Issues

Coordination Versus Governance

- States Are Classified as Coordinating Board or Governing Board States
- Authority and Functions of **Coordinating Boards** Are Distinctly Different From **Governing Boards** of Institutions and Systems
- System and Institutional Governing Boards Are Responsible for Both Development and Implementation
- Coordinating Boards:
 - Focus on Statewide Policy Leadership, Not on Governing/Managing Systems or Individual Institutions
 - Do Not Govern Institutions (e.g. Make Decisions Regarding Appointment of System and Institutional Presidents or Faculty and Other Personnel Issues)
- In Wisconsin Terminology, the State has Two Governing Boards
 - Board of Regents for the University of Wisconsin System
 - Board of Trustees for Wisconsin Technical College System

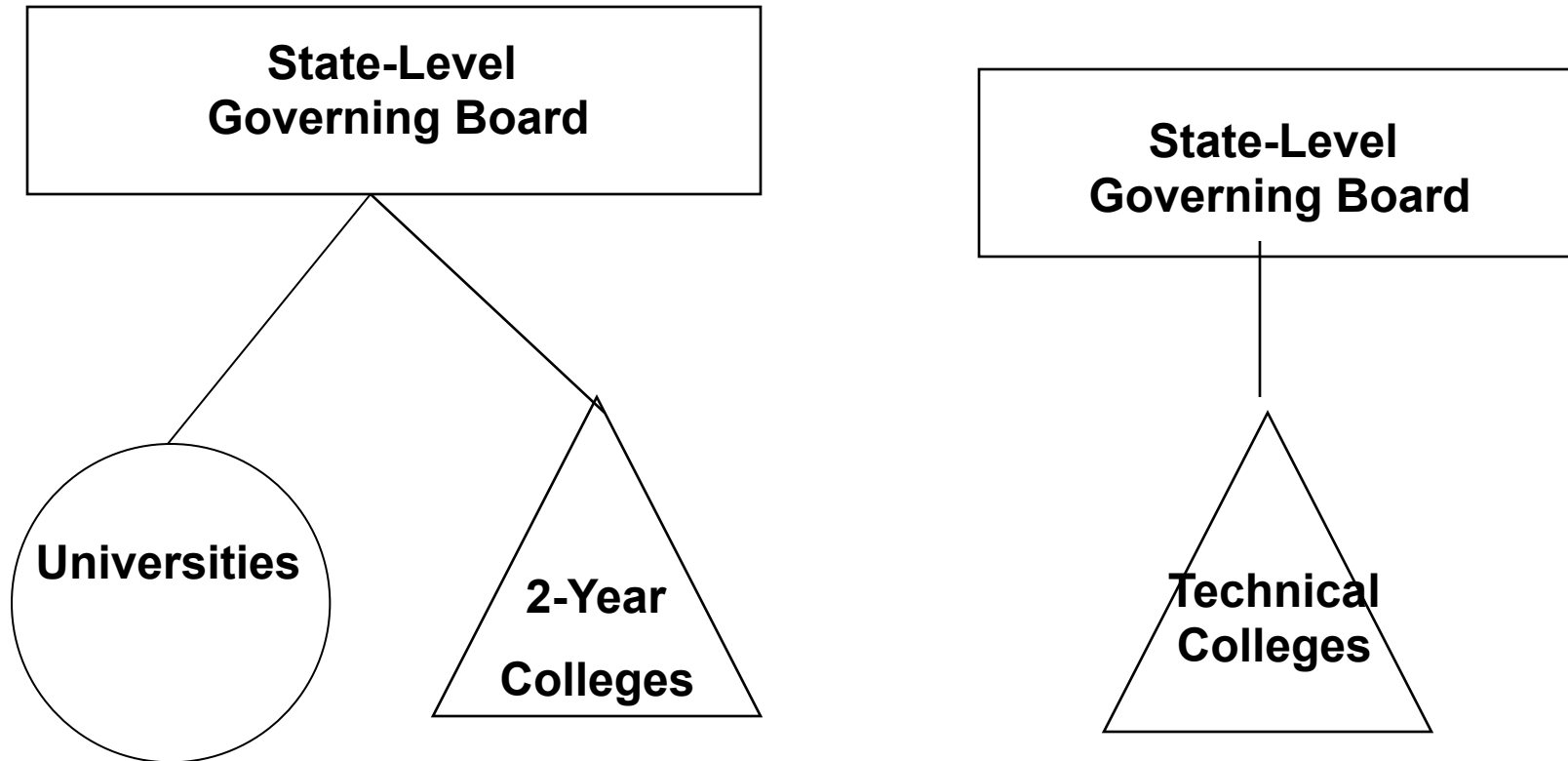
Comparative Perspective

- About Half of States are Coordinating Board/Agency States
 - Statewide Coordinating Board/Agency (Regulatory or Advisory)
 - Two or More System or Institutional Governing Boards
 - Tradition of Decentralized Governance
- Other Half are Consolidated Governing Board States:
 - All Public Institutions Governed by One or More Statewide Governing Boards
 - No Statewide Coordinating Board (with significant authority)
- 1 State (Pennsylvania) has State Agency with Limited Authority for Higher Education
- 1 State (Michigan has No Statewide Entity) (Now Considering Establishing Coordinating Entity)

Origin and Functions of Systems

- Difference Kinds of Systems
 - Multi-Campus Universities
 - Segmental University Systems (University of California)
 - Consolidated Systems (e.g., Georgia, North Carolina, Maryland, Oregon, Wisconsin)
- Most Established in mid-20th Century (1960s)
- Most Consolidated Systems Resulted from Mergers Land-Grant Multi-Campus Universities with former State Colleges (Maine, 1968; North Carolina, 1971, Wisconsin, 1971-73)
- Original Purpose:
 - Orderly Development during Massive Expansion in 1960s
 - Promote Mission Differentiation
 - Curb Unnecessary Duplication
 - Counter Turf Battles
 - “Suitably Sensitive Mechanism” Between State and Academy
- Few Consolidations Since Mid-1970s

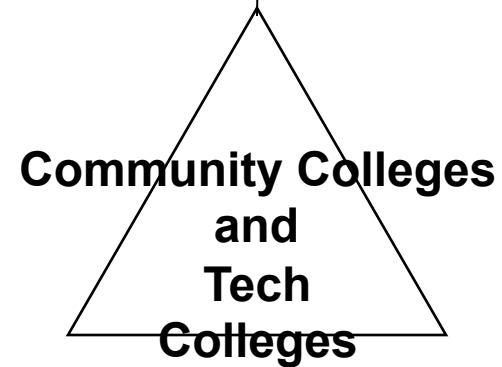
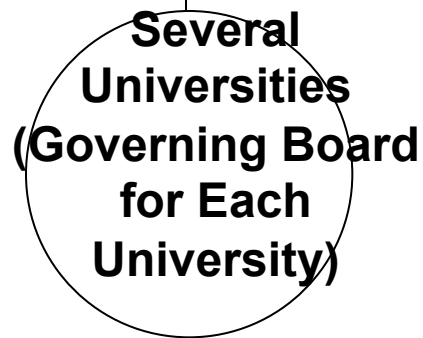
Georgia and Wisconsin



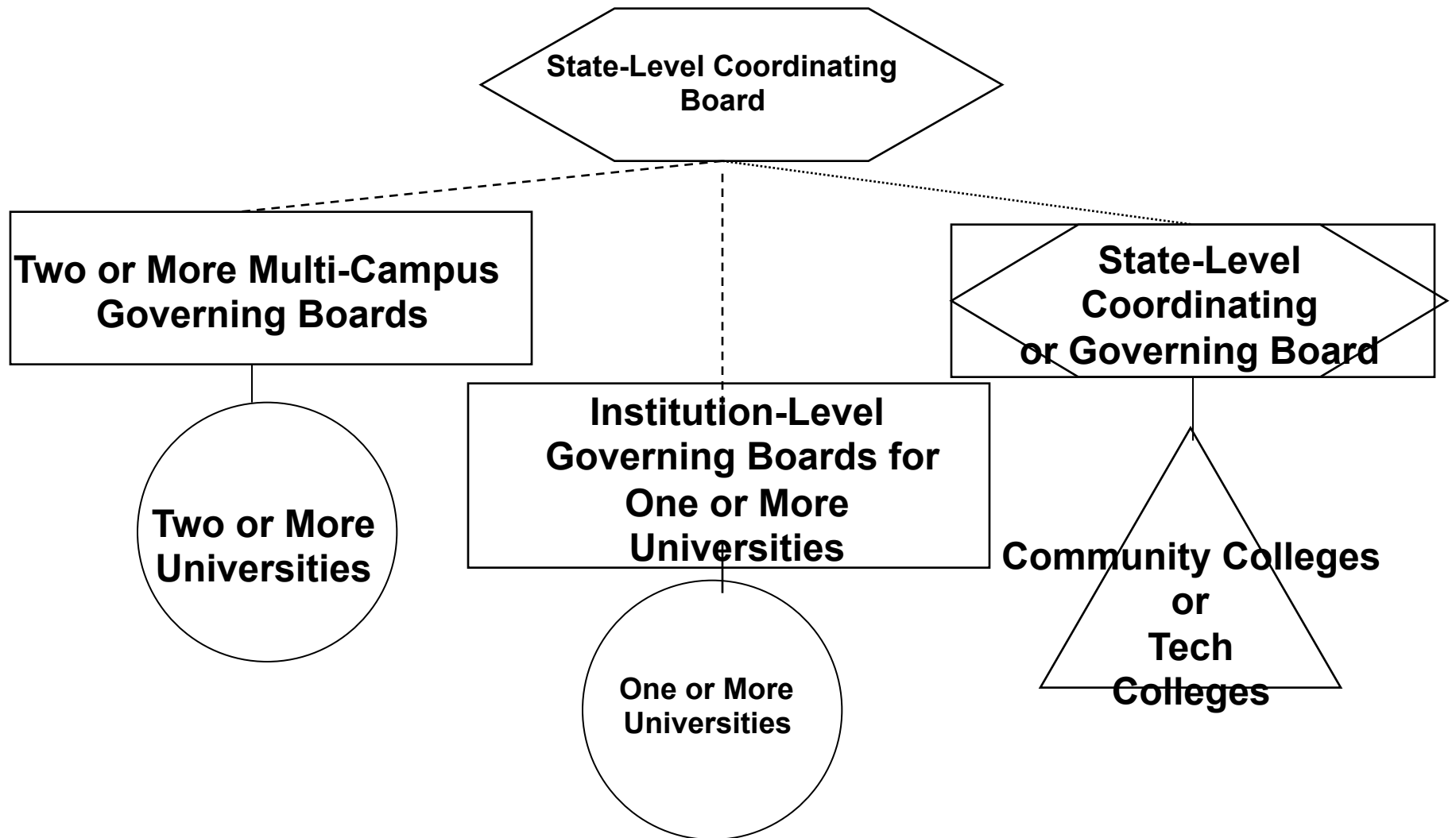
Explanation: Two separate boards govern public institutions, one board for the research university and other university campuses as well as 2-year (primarily transfer) colleges, and the other board for technical colleges.

States: Georgia and Wisconsin

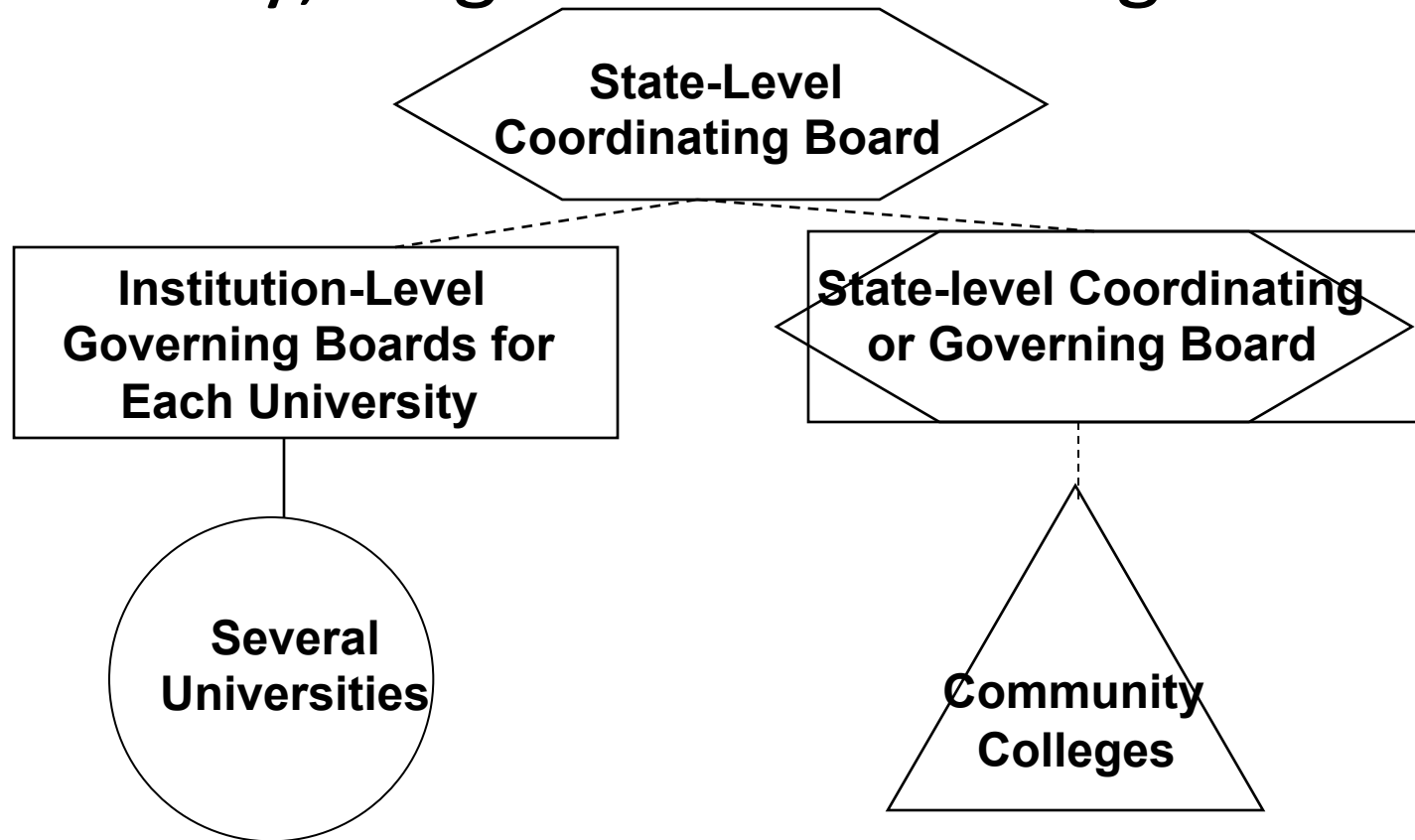
North Carolina



Alabama, Colorado, Illinois, South Carolina, Texas



Kentucky, Virginia and Washington State



Differences Among States in State Procedural Controls

- States with Seemingly Similar Governing Structures Often Have Significantly Different Levels of State Control of Higher Education
- Differences Are Deeply Imbedded in State History and Culture (e.g., Many Date from Progressive Era Efforts to Curb Fraud and Abuse in State Government)

Typical Procedural Controls

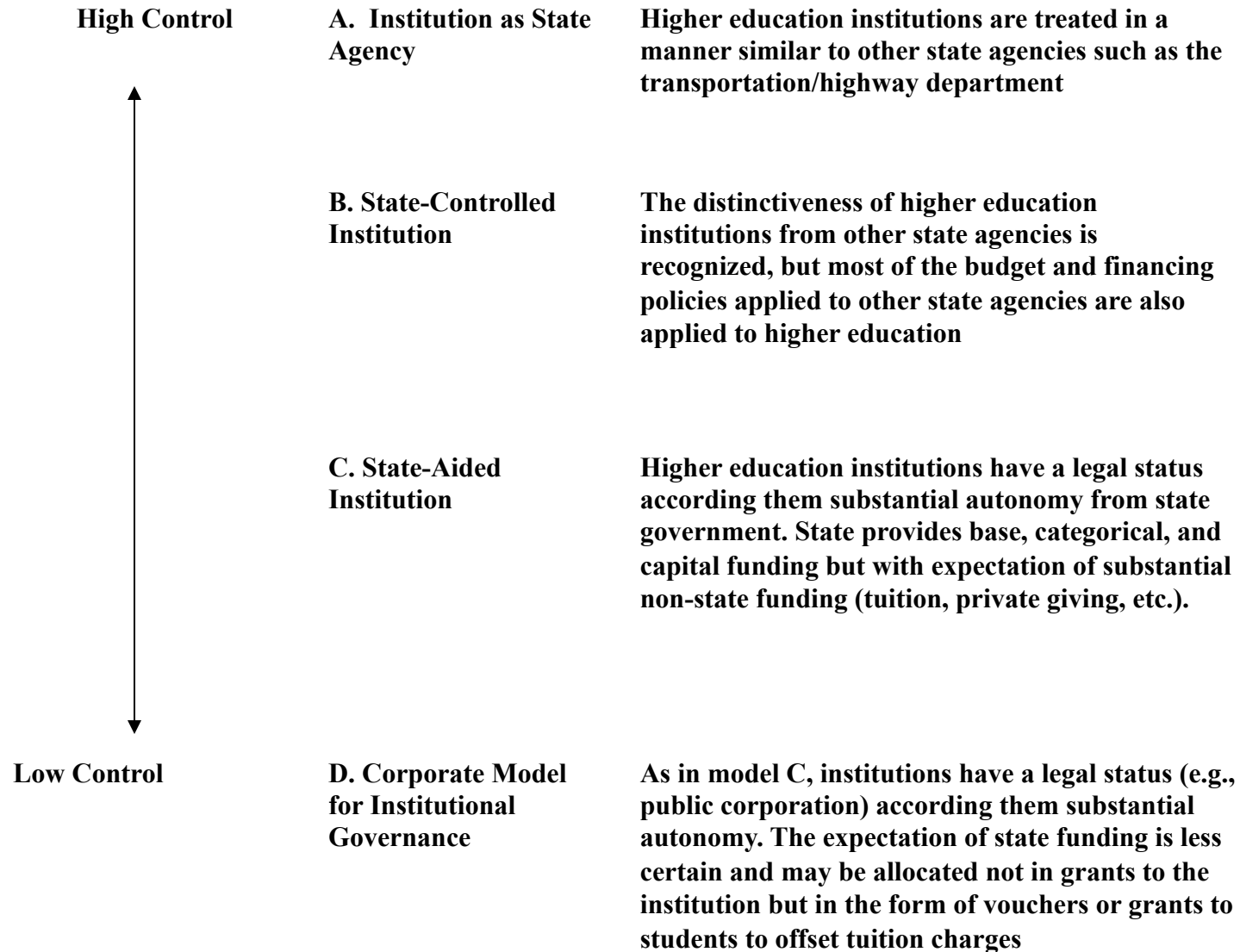
- Setting of Tuition and Fees
- Handling of Tuition (and Non-State) Revenue
- Purchasing
- Contracts
- Travel

Typical Procedural Controls

- Personnel
 - Position Control
 - Salary Schedules and Rates
 - Health Insurance
 - Retirement
 - Collective Bargaining
- Capital Planning and Projects
- Controls Imbedded in Budget Process

Differences Among States

- Differences in Role of Government in Financing, Budgeting and Accountability
 - State Agency Model
 - State-Controlled Institution Model
 - State-Aided Institution Model
 - Corporate Model



**Degree of
State Procedural
Control of
Major Research
Universities**

High Control	A. Institution as State Agency	
↑	B. State- Controlled Institution	RI, OR, WI, NY,
		LA, MT, SC, HI, IL, IA, MA, NJ, NV, OH, TN, TX, WV, VA
↓	C. State- Aided Institution	FL, IN, ID, KS, KY, NC, ND, OK, WA
		AL, AK, AR, CA, CT, GA, MD, MN, MS, MO, NH, NB, NV, NM, SD, UT
Low Control	D. Corporate Model for Institutional Governance	CO, ME, MI, DE, PA, VT, WY

States in **RED** recently made or are considering deregulation/decentralization initiatives

Trends in State/Higher Education Relationships

Trends in State Policy

- State Policy Leadership Focused on Public Agenda
 - Increasing the Educational Attainment of the Population
 - Quality of Life
 - Economy
- Decentralized Institutional Governance and Deregulation
- Accountability for Performance/Outcomes Linked to Public Agenda
- Financing Policies that:
 - Use Incentives for Performance and Response to Public Agenda/Public Priorities
 - Align State Appropriations, Tuition Policy and Student Aid Policy

Changing State Policy

From

- Master Plans Focused on Internal System and Institutional Priorities
- Centralized Control and Regulation (e.g., Detailed Procedural Controls and)
- Financing Policies Focused Institutional Subsidy and Adequacy of Institutional Financing
- Incentives for Increasing Enrollments
- Accountability for Inputs and Financial Accountability

To

- Strategic Plans (Public Agendas) linking Higher Education to State Goals
- Decentralized Governance and Use of Policy Tools (Primarily Finance) to Stimulate Desired Policy Response
- Financing Policies Aimed at “Enter the Market” on Behalf of Public and Provide Incentives to Link Competitive Forces Toward Public Agenda
- Incentives for Completion
- Accountability for Performance in Relationship to State Goals

Characteristics of Effective Systems

- Develop a System Strategic Plan and Related Accountability Metrics Linked to future of the State: Educational Attainment, Economy and Quality of Life
- Establish and Reinforce Clearly Defined Missions
- Delineate Clear Lines of Authority and Responsibility of:
 - System Board
 - System CEO
 - Institutional presidents/chancellors
- Focus on recruiting, supporting, and evaluating effective leaders for each of the institutions within the system

Effective Systems (Continued)

- Ensure effective and efficient management of each institution
- Avoid “One-Size-Fits-All” Implementation
- Decentralize academic and student affairs policy to the institutional level within broad system-wide policy frameworks
- Provide system-wide (small “s”) academic leadership to promote collaboration

Effective Systems (Continued)

- Provide incentives for Institutional Performance Related to Mission and System goals
- Provide Incentives for Cross-System and Inter-System (e.g., Tech Colleges and P-12) Collaboration
- Provide economies-of-scale in central services (functioning as a service entity to support institutions)
- Get out of direct operations at the system level whenever feasible
- Avoid focusing the system board on internal academic and student affairs policies in ways that undermine delegation of authority and responsibility to institutions.

Reality: Some States Unable to Make Transition to New Missions and Modes of Operation

- State-Level Boards
 - Focus on Internal Institutional Agendas
 - Vertically Organized Structures
 - One-Size-Fits-All Implementation: Lack of Attention to Mission Differentiation
 - Out-Dated Regulatory Policies
- State Policies Not Aligned with a Public Agenda

Meanwhile, Rest of the World is Moving On

- Major Higher Education Reforms involving
 - Focus on Global Competitiveness
 - Decentralization/Deregulation
 - Compacts/Contracts

Recent Changes or Proposed Changes

Themes in Recent Debates

(Issues Mostly State-Specific)

- Cutting State Budgets/Reducing State Bureaucracy
 - Eliminating Boards/Agencies Deemed Ineffective or Redundant
 - Consolidating Agencies
 - Consolidating Governance (Reducing Number of Boards)
- State-Specific Issues Related to Perceived Institutional or System Mismanagement
- University Pressure for Tuition Setting Flexibility
- Proposals for Deregulation
 - System-wide (e.g., Oregon, SUNY)
 - On Specific Issues (e.g., Tuition Policy)
- Governors' Interest in Increasing Executive Branch Control to Improve Efficiency and Responsiveness to State Priorities

Themes (Continued)

- Proposals to Merge or Consolidate Institutions
 - For Presumed Cost-Savings
 - To Move Up Ranking Scales
- Pushes by Flagship Universities for Special Status (Public Corporations) and Separation from Systems

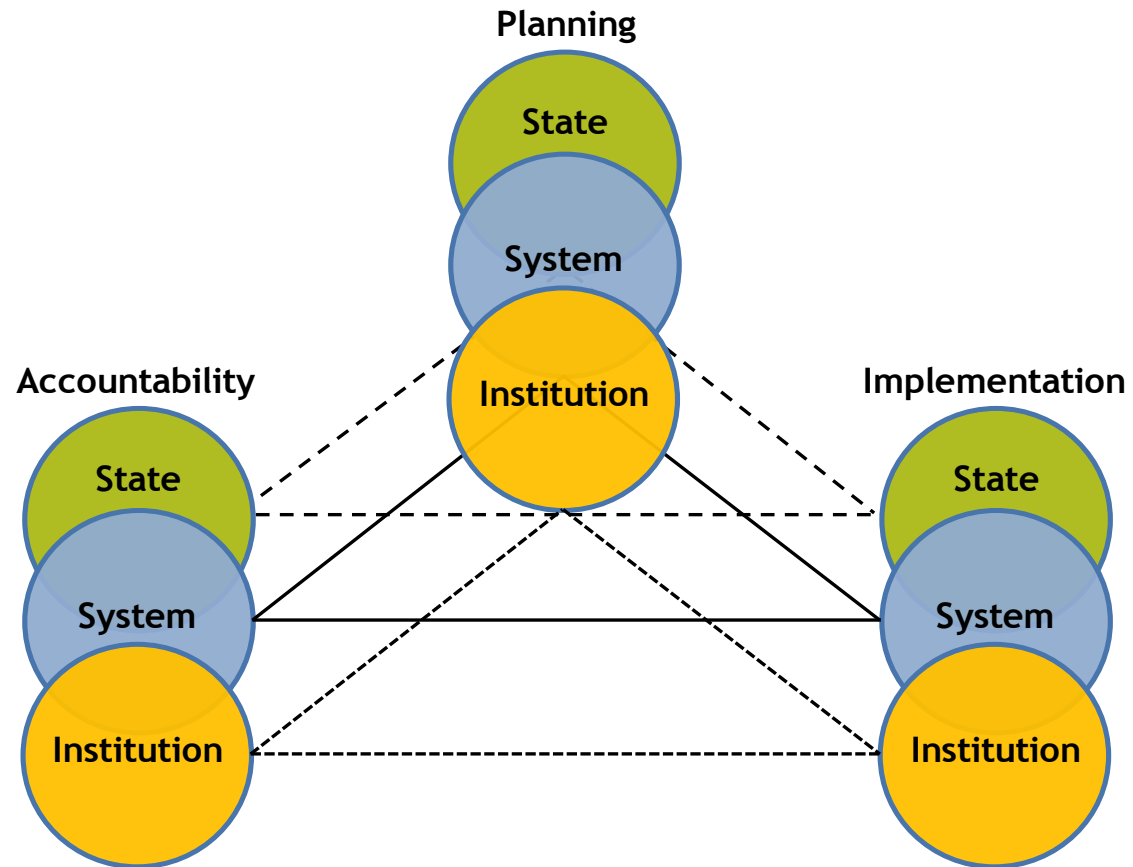
Examples of Changes Actually Enacted (Other than Wisconsin)

- Eliminating, De-Funding or Consolidating of State Coordinating Boards or State Agencies with Limited Authority
- Consolidating Boards: Connecticut:
 - Centralized Governance under New Higher Education Board Responsible for Statewide Policy and Governance of State University System (not the University of Connecticut), State Community and Technical College System and Charter Oak College (a public non-traditional learning entity)
 - Eliminated Coordinating Board
 - Increased Governor's Control Through Appointment of New System President (on recommendation from new Board of Regents)

Changes (Continued)

- Re-establishing State Planning Entity:
 - Florida: Florida Higher Education Coordinating Commission
- Comprehensive Restructuring: Oregon
 - Deregulated Oregon University System
 - Established New Higher Education Coordinating Commission
 - Established New Education Investment Board
 - Changed from Elected to Appointed Chief State School Officer
- Increased Management Flexibility: Louisiana, South Carolina, Nevada, South Carolina

State Goals and Accountability



Accountability

- To Whom?
 - Institution
 - System/Management Board
 - Board of Regents
 - Governor/ Legislature
 - General Public
 - Other?
- For What?
 - Public Agenda: Statewide Goals
 - Institutional Performance
 - Student Performance
 - State Population (e.g., increase in Educational Attainment)

Accountability at Different Levels

Level

- Governor
- State Legislature

Accountability Information

- Overall State Performance Related to:
 - Goals Linking Higher Education to the State's Future Economy and Quality of Life
 - Effectiveness and Efficiency of the Whole System
- Performance of Major Systems (e.g., UWS and WTCS in Relationship to Goals)

Different Levels (Continued)

Level

- System Governing Board

Accountability Information

- How the system and component institutions are performing in relationship to:
 - State goals
 - The system strategic plan
 - Strategic plans for each of the component institutions
- Institutional leadership and management, for example
 - Students information (admissions, retention, graduation rates; student characteristics, etc., enrollment information for enrollment management
 - Condition and utilization of key assets: faculty, facilities, equipment e.g., faculty/student ratios, utilization rates,)
 - Financial data necessary for the board to fulfill its fiduciary responsibilities

Dashboard Examples

- For the State as a Whole: **Reaching Higher: Strategic Initiatives for Higher Education in Indiana, February 2010** <http://www.in.gov/che/2349.htm>
- For a University System: University System of Maryland. Strategic Plan **POWERING MARYLAND FORWARD USM's 2020 Plan for More Degrees, A Stronger Innovation Economy, A Higher Quality of Life** <http://www.usmd.edu/10yrplan/index.html>

Lessons for Other States

- Establish State Goals and Related Accountability to Frame Decentralization or De-Regulation Make clear:
 - WHAT is expected (Performance)
 - Not HOW It is to be Accomplished
- Recognize that Major Regulatory Issues Are Often Related to State General Government Regulations and Not Necessarily the Higher Education Systems
- Redesign Systems to Focus on Strategic Leadership and Service; Decentralize Institutional Governance
- Focus Accountability on Performance , not only Financial and Management Indicators

Lessons (Continued)

- Take into Consideration Differences Among Institutions in Capacity to Assume Additional Responsibilities Entailed by Autonomy. Consider Phases Based on Demonstrated Capacity
- Shape Reform to Have Benefits in Long Run for Whole Higher Education Sector, Not Just a Few Universities
- Keep Goals and Performance Requirements to a Core Minimum (The number and complexity of institutional performance standards can overwhelm and defeat the purposes of the accountability process)

Lessons (Continued)

- Keep Agreements (Partnerships, Compacts, Multi-Year Performance Agreements) between State and System Simple. Complex Agreements Tend to Die of Their Own Weight
- Avoid Tinkering on Piecemeal Basis (e.g., Trying to Negotiate Flexibility One Procedural Control at a Time). This May Ignore Need for Fundamental Change in State Role
- Conduct a Thorough Policy Audit to Identify Full Range of Policy and Procedural Barriers at Each Level of System: Institution, System, and State Government.

Lessons (Continued)

- Need for Fundamental Rethinking of:
 - The Role of the State: From Owning and Operating Public Institutions to Strategic Investment to Ensure That Institutions Respond to Public Priorities (Goals)
 - Finance Policy: State Appropriations, Tuition Policy and Student Financial Aid
 - State Operational/Procedural Controls That Are Serious Barriers to Performance and Efficiency
- Need for State Capacity to Establish and Sustain Attention to a Long-Term Public Agenda for the Whole System—Not Only Single Systems or Sectors