



Accountability in Higher Education: A Public Agenda for Trust and Cultural Change

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Accountability in Higher Education: An Overview

The ability of public colleges and universities to provide for effective accountability engenders public trust. It demonstrates a willingness to address issues the public should care about—to serve the public trust.¹

INTRODUCTION

Accountability in higher education has been an increasingly significant national issue over the past decade or more, spurred by rising college costs, disappointing retention and graduation rates, employer concerns that graduates do not have the knowledge and skills expected in the workplace, and questions about the learning and value that higher education provides to students.

The context in which higher education functions is changing dramatically. Consideration of the current and potential role of accountability in states and their higher education community should take into account these dramatic changes. In particular, policy makers need to examine the available possibilities in terms of higher education's mission, to evaluate and select a preferred course of action, and to ensure that public and fiscal policies and performance considerations enable rather than inhibit achievement of this vision.

Society is reexamining the relative value of a college education. There is skepticism because a college or university degree no longer assures a job in the desired field. There is also evidence that the importance of higher education has been reduced in the scale of state and national priorities as policymakers question expenditures for this purpose. The public, however, still regards higher education as a major instrument for improving quality of life and for preserving the essential features of the kind of society it wants to have and feels it deserves. Higher education, in turn, is being asked to move more diligently and sensitively toward a solution to the nation's challenges and better serve the interests of society more effectively.

Educational institutions will continue to feel the pressure and demands for accountability. Control of costs, elimination of duplication (and, in some cases, unique options perceived to be too costly), and evidence of other efficiencies are the focus for legislatures and higher education regulating and coordinating agencies. Similarly, demands for greater productivity in higher education will continue to be heard with greater frequency than at any time in the past.

The role of policymakers and elected officials in establishing public policy and funding for the instruments of its policy—colleges and universities—is essential. However, a state's horizons must not be set too narrowly. The advancement of society, the intellectual enrichment of individuals, and the expansion of knowledge frontiers are long-term activities that require vision and commitment. Innovation in the structures, policies, and practices of governments, institutions, and partners must take place. Without a well-formulated objective—and leadership

¹ Richard T. Ingram, Testimony to the National Commission on Accountability in Higher Education, Washington, DC, 10 May 2004.

geared up to get there—states and their higher education systems are unlikely to move toward the same destination.

This report is designed to assist policymakers and educational leaders by discussing issues considered essential in a public higher education accountability system. Furthermore, it is intended to contribute to the formulation and implementation of such a system. A particular focus is on public trust and its import as it relates to policymaking and higher education. No attempt is being made to impose a single approach to accountability or the restoration of public trust on all of the colleges and universities in the United States. Such an approach would be a prescription for disaster. Rather, this report details the considerations that will enable policy makers and individual institutions to determine the most appropriate course of action.

A FOCUS ON ACCOUNTABILITY

Increased accountability associated with higher education became a prominent issue in the 1980s. At that time, issues concerning assessments of teaching and learning practices on campuses were debated in the context of a general interest in, and concern for, the quality of higher education. Accountability issues in the 1990s were expanded to include productivity and various measures of institutional effectiveness. By 1994, approximately one-third of the states had some form of "performance indicator" system in place. Many of the accountability reporting systems were mandated by state legislatures or statewide higher education coordinating boards.²

Along with the focus on accountability comes pressure to adopt "the business model" with its greater emphasis on "the bottom line." Such an emphasis reflects a market-driven approach to higher education rather than the historic roles and mission of institutions of higher learning. Educational institutions will undoubtedly continue to feel a demand for accountability. Certainly faculty productivity, however it is measured, is part of the issue, but increasingly there is concern for student efficiency with attention to such measures as contact hours and time in the classroom setting.

Consumers have become much more sophisticated. They seek quality in addition to accountability and expect an atmosphere and combination of competitive pricing in terms of tuition and the ultimate in education. Traditional measures used in higher education—that is, rich resources as represented by the size of the libraries, staff to student ratios, and the number and size of grants and contracts won by the faculties—are of less importance to today's consumers. They look to increased competition among higher education providers to work to their advantage.

There also is increased interest in partnerships—between the business world and the academy and among education entities at all levels. Where some businesses have been unable to achieve appropriate partnerships with educators, they have formed their own degree-granting or credentialing units, some of which serve non-employees as well. Higher education institutions are being called upon to more clearly define their roles in training and credentialing as well as education and learning.

² See Gerald H. Gaither (ed.), *Assessing Performance in an Age of Accountability: Case Studies*, New Directions for Higher Education, no. 91, Volume XXIII, Number 3 (San Francisco: Jossey-Bass Inc., 1995).

THE ACCOUNTABILITY CHALLENGE

The challenge to policy makers and higher education leaders has been—and continues to be—to determine what interests are not well served by allowing market forces to operate freely in higher education. With a stream of financial resources for higher education following the student rather than the institution, legislatures have developed a new level of sophistication about learning, and regulatory or coordinating agencies have had to revamp their approaches to financial aid, program approval, and assessment. To adequately protect consumer (student) interests, rigorous measures have been implemented in several states. Some states have eliminated agencies which formerly regulated higher education.

In this milieu of interests, forces, and often conflicting perspectives, higher education often finds itself in an adversarial rather than an advocacy position. Calls for increased collaboration and cooperation, as well as effective relationships with policymakers, are either unheeded or, at best, individual interests take precedence over the best interests of the state and its future. This dysfunctional behavior most often is seen in times when fiscal resources are limited. In good financial times, there typically is seen increased cooperation and collaboration between and among not only institutions or systems of higher education but also among stakeholder interests.

Higher education has a long history of attempting to justify its value, quality, and continuing improvement to its external stakeholders: students, parents, the general public, makers of public policy priorities, accrediting agencies, the providers of financial and other resources, and various supporters. Institutions—colleges and universities—do this by paying attention to their goals, by testing results against these intentions, and sometimes by their willingness to change when confronted with the imperatives that flow from better ways of measuring their effectiveness. In broad terms, this process is called accountability.

Most states that have a systematic approach to an accountability process for their higher education system have similar purposes in preparing and disseminating accountability reports. For example, the New Jersey Commission on Higher Education prepares its systemwide higher education accountability report to:

- Inform the general public of the roles of higher education,
- Highlight the particular strengths of the New Jersey higher education system, and
- Provide baseline data to plan for unmet needs (challenges).³

Other illustrative examples provide a slightly different orientation to a state's accountability system. New Mexico's Commission on Higher Education states it this way:

In order to encourage innovation while ensuring responsible stewardship to our taxpayers, the New Mexico Commission on Higher Education is committed to a program of accountability for our public colleges and universities that will

³ New Jersey Commission on Higher Education. "NJ's Renewable Resource: A Systemwide Accountability Report," April 1996, <<http://www.state.nj.us/highereducation/accprep01.htm#INTRO>>.

- assure citizens and state policy makers that our public colleges and universities are investing their public support wisely,
- encourage our public post-secondary institutions to continually improve their programs and operations, fostering innovations that will better serve their customers' needs, and
- provide information to assist parents, students, employers, and other consumers in making appropriate choices about post-secondary options.⁴

Accountability reporting is problematic. An accountability report for higher education that is merely a "report card" errs on the side of displaying outcomes without providing an explanation of special circumstances, level of state support, new initiatives, and progress made. On the other hand, an accountability report may appear concerned only with academic and institutional issues. For most states, specific "performance indicators" or related concepts have been adopted for use as benchmarks in progress made on state goals and expectations or as vehicles to ascertain to what extent state policy is being implemented. Peter T. Ewell and Dennis Jones, national experts on higher education accountability reporting, offer this definition: "Indicators can best be described as policy-relevant statistics produced regularly to support overall policy planning and monitoring at the national, state, or system level."⁵

Ideally, an accountability system does the following: (1) aligns institutional priorities with state goals, (2) allows students, legislators, leaders of educational institutions, business leaders, and others interested in higher education to view progress toward those goals, and (3) provides a basis for making policy decisions.⁶

ACCOUNTABILITY AS THE *LINGUA FRANCA* OF HIGHER EDUCATION

Accountability is the current *lingua franca*⁷ of higher education. How is the process of accountability—which requires communication, negotiation, compromise, and transparency—to effectively proceed in the absence of a common ground? An important role for this report is to help stakeholders in the accountability process to understand this *lingua franca*.

Policymakers, educational leaders, administrators, parents, students, employers, legislators, professional associations, accrediting agencies, and other stakeholders all have important contributions to make to a state's accountability process. However, they lack shared concepts, experiences, and perspectives. To remedy this problem, which has received increasing attention at the state, national, and international levels, the report provides background on several aspects of an accountability process that is intended to inform and assist in rebuilding public trust in higher education.

⁴ New Mexico Commission on Higher Education, "Policy for Accountable Post-Secondary Education for New Mexico," 2002, <<http://www.nmche.org/reports/acctpol.asp>>.

⁵Peter T. Ewell and Dennis Jones, "Pointing the Way: Indicators as Policy Tools in Higher Education," in *Charting Higher Education Accountability: A Sourcebook on State-Level Performance Indicators*, ed. Sandra S. Ruppert, Education Commission of the States, 1994.

⁶ See Washington State Higher Education Coordinating Board, "A New Approach to Higher Education Accountability in Washington," March 2004, <<http://www.hecb.wa.gov/Docs/reports/accountability03-04.pdf>>.

There are clear differences in terms of perception, meaning, and components of “accountability” as it relates to the mission, goals, and expectations of higher education held by various stakeholders. Absent clarity—particularly related to expectations, roles, and responsibilities—dysfunction and apathy will surely be followed by increased distrust and decreased financial support.

The demand for greater financial transparency by colleges and universities—in addition to other demands related to curriculum, admission policies, student achievement, research, and other matters—comes as public companies are under increased regulatory pressure to remove some of the walls around their operations. In all, there is less trust of the system of higher education than has been the case historically.

Higher education, seen as an engine of empowerment as well as a means of cultural and economic development, has in the past enjoyed the trust of the public. In colleges and universities, it has been imagined, a commitment to truth and unfettered inquiry is nurtured, standards of conduct are marked by integrity, and quality teaching and learning are considered to be the highest priority.

Yet, in current times, higher education is facing—along with other public entities including government and policy makers—dissatisfaction and a question of public trust. With distrust comes suspicion. And where there is suspicion, control and regulation enter the picture, accompanied by limitations on budgets, budgetary control language, and challenges to all current practices.

Institutions of higher education have a major influence on the social, cultural, and economic development of a region and state. The advancement of human understanding is the broad, noble calling of these social institutions; thus they serve as cultural and intellectual resources. However, colleges and universities are also major recipients of the public’s trust which is integral to higher education’s mission and operation. If there is little public trust—if the bond between the public and higher education is broken—then the traditional role and function of higher education takes on a whole new orientation.

Increasing recognition is being given in higher education and business to the growing skepticism about quality and student learning as well as an erosion of trust toward colleges and universities. An Issue Paper on accountability and student learning was unveiled by the prestigious national Business-Higher Education Forum (BHEF). The co-chairs of the BHEF Initiative on Public Accountability for Student Learning in Higher Education indicated the issue’s highest importance. The Issue Paper’s intent, according to the co-chairs, was “to stimulate discussion about accountability for student learning in higher education.”

They went on to say that interest in the topic by the BHEF was due to several critical challenges:

- Maintaining high quality in and access to postsecondary education, despite funding declines.
- Meeting growing enrollment demand from increasingly diverse populations.
- Responding to corporate needs for sophisticated and skilled workers.
- Addressing public skepticism about quality and costs.

To tackle these challenges, we strongly encourage new approaches to public accountability for higher education—including measures of student learning.⁸

For the most part, there is a constant affirmation of the mission of public higher education—providing access to those who wish for and can benefit from continuing higher education, excellence in all college and university activities, and service to the people of the state through instruction, research, and public service.

At the same time, the ability of public colleges and universities to achieve their mission depends both on the dedication and success of their leaders, and on the support they receive from the representatives of the people of the state. Despite any difficult economic conditions that may be present, higher education is not a drain on resources, but rather represents an investment in the future strengths of the state and its people.

The fundamental premise of this report is that the design, development, and implementation of a state's accountability system is, at its heart, a communicative process. Successful "accountability" requires communication—presentation, discussion, disagreement, negotiation, compromise, and so on—among a diverse group of people, many of whom would be referred to as "stakeholders."

If we take this premise seriously, it raises the question of how to go about supporting the communicative aspect of accountability. And, indeed, there has been a lot of work towards this end. The basic repertoire of accountability tools—report cards, surveys, assessment, best practices, legislative hearings, press releases, etc.—are all methods which aim to improve communication. However, often these tools are "owned" by the colleges and universities—that is, they require the institutions' expertise to deploy, administer, operate or interpret. While many states, as well as their colleges and universities, have explored various approaches to making these tools more transparent, more remains to be done.

A CULTURAL CHANGE: TRUST, RESPECT, AND SUPPORT

Higher education and government are at a crossroads. In order to regain public confidence, strong leadership is required. Leaders must set a tone that once again not only recognizes that colleges and universities play a significant and pivotal role in the life and prosperity of the state, but also places the institutions' needs and responsibilities ahead of self interest.

States and their higher education enterprise need to continuously review decision making processes and to be able to change key elements of their traditions. It is also necessary to instill a better public understanding of higher education's mission, values, and costs while being constantly reminded of the long-standing social compact between higher education and the people it serves. In some states, this may mean that the organizational culture needs to change, and not simply the execution as it relates to accountability in higher education.

Achieving successful change in higher education, or in those entities that either impact or are impacted by it, is of the utmost importance. If "traditional" working practices are no longer

⁸ Business-Higher Education Forum, "Public Accountability for Student Learning in Higher Education: Issues and Options," American Council on Education, Washington, DC, April 2004, <<http://www.acenet.edu/programs/bhef/home.cfm>>, 1.

efficient or effective in the modern university—or in a state's higher education system—then stakeholders, including policy makers, must determine effective ways of successfully achieving change. Experience with “re-engineering” in the private sector has demonstrated that failing to change people has been a major barrier to success.

What is required—to ensure that the public trust is enriched and to ensure that public policy and its implementation are being effectively advanced as a part of the stewardship responsibilities of policy makers—is a new culture, with a more entrepreneurial spirit, characterized by increased competitive zeal and absolute focus on being the market leader. There is a need to reduce, if not eliminate, traditional isolated or self-serving entities and to move increasingly toward utilizing cross-functional teams and “partnerships.” As far as stakeholders are concerned, they should focus on becoming an integrated solutions organization rather than a self-centered control agency or coordinating agency.

Developing a culture where trust, respect, and fairness flourish requires dedication, but need not be expensive. The motivation may be altruism or it may be common sense. Whatever the reason, the benefits are clear: improved teamwork among stakeholders, stronger loyalty and sense of self worth, higher performance, and greater productivity.

It is absolutely essential that the state marshal all available resources and apply research-based knowledge to solve this challenge. This requires a new kind of collaboration and cooperation among higher education, states, and interested stakeholders. It requires a cultural shift in how they all go about taking meaningful action to address an issue that is most certainly in the public interest.

Policy makers and educational leaders need to agree on the urgency of dealing with the accountability issue and the public's interest in the performance of its colleges and universities. If they seem to be complacent, lacking in interest, or simply passively resisting, then business and other stakeholders will surely intercede. What is required is a preemptive initiative to ensure that the public interest is served in a timely and informed way.

States will need to become more competitive as the marketplace for educational opportunity for all learners expands. Expectations for high quality and relevant education, research, and services will also increase. Such expectations must be fulfilled if a state is to sustain and improve its diverse, competitive, and vital economy. Essentially, a state's prosperity over the long term will depend upon its ability to secure the benefits that are available through investment in public higher education.

Instituting a responsive and transparent system for all stakeholders depends upon the vision, capacity to change, and commitment to move forward expeditiously in the following ways:

Policy makers

- State policy makers will provide institutions of higher education with the flexibility needed to function more efficiently while supplying clear performance expectations for articulated state priority areas.
- A state will allocate resources directly toward the achievement of public purposes it has clearly expressed.

Students

- Each student will take more responsibility for achieving understanding and mastery, with the intended goal that learning that is challenging, individually meaningful, and lifelong.

Higher Education

- Internally and externally, institutions of higher education will provide transparent data and information relating to their performance.

ESSENTIAL COMPONENTS OF A STATE-LEVEL HIGHER EDUCATION ACCOUNTABILITY SYSTEM

States developing or implementing a process of accountability at the state level generally have in place an underlying set of components to help guide and put the system into operation. Most states so engaged are committed to a process of accountability that provides ongoing feedback to continuously improve its higher education system in terms of meeting state goals. Such efforts, and the feedback system that supports them, are structured to encourage innovation within the states' higher education systems as well as to remove barriers and create incentives to equitable access, high quality, and efficiency. In order to provide useful information dissemination relating to the performance of colleges and universities within the state context, certain components are integral to a state-level public higher education accountability policy.

The core components are the following:

A Public Agenda

A state's higher education system is predicated on a public policy framework, adequate financial resources, and high performing institutions. A vital component of a statewide focused accountability system is the creation and successful execution of an *actionable public agenda* that articulates a state's strategic goals and drives decisions for both the state and its colleges and universities.

An *actionable public agenda* follows a logical process that:

- Communicates core goals, objectives, and strategies to stakeholders;
- Tracks or monitors the status of the development of the state plan, and gives key stakeholders immediate and ongoing access to the plan and its supporting information;
- Establishes performance metrics and lets every component of the state's accountability system track performance against the goals and objectives; and
- Meets changing conditions or priorities quickly.

Frequently, strategic planning becomes a mere exercise that fails to improve or even influence public policy or planned efforts. It is often random and cumbersome to implement, resulting in sporadic and fragmented efforts. In fact, a state plan is only as flexible and innovative as the process that created it. With a poorly designed planning process, the inevitable result is a static, historical document that is seldom linked to unified strategic objectives or resource allocation. It

is a plan that can only describe where the organization, or state, intended to go, rather than a lively, adaptive agent for change with a competitive advantage.

Public Trust

Central to the condition of the higher education sector in this nation is its social contract—a need to have political and social legitimacy, and the respect and confidence of the people that it serves and their elected representative bodies. The roots of such a relationship are typically historic, yet have stood the test of time. Such a relationship is referred to as the *public trust*.

Recognized by some as a “social contract,” to many others it seems a tenuous relationship. A state’s higher education enterprise not only depends on state charters and state resources, it also functions as a part of a public trust, a delicate and at times extremely sensitive relationship with the people of the state. Such a relationship cannot be legislated, nor can it be forced upon an individual or mandated through law. Yet it has power and considerable influence. Considered an indispensable attribute of institutions of higher education, it is a somewhat unique relationship that cannot be ignored—for without trust, higher education withers.

Public trust is the single most important asset of higher education in this nation. Without it the inextricable link between the public and its institutions will find decreased support from public funds; donors will not give, policymakers will become more adversarial, and resources and institutional autonomy will be replaced by increased governmental intervention.

The dilemma faced by institutions of higher education and public officials is how to reconcile current attitudes and methods in order to address issues of conflicting cultures amidst an increased focus on costs, quality, affordability, accessibility, and benefits derived from a college and university level education.

To restore public trust, every participant in the information gathering, analysis, and dissemination processes and products must embrace and practice a spirit of transparency and a culture of accountability and individual integrity.

Performance Indicators

Higher education systems around the world have come under increasing public and governmental scrutiny with respect to what they do, how well they do it, and at what cost. In some instances, a formalized accountability exercise has been implemented, usually on the basis of *Performance Indicators* (PIs). In some cases, attempts have been made to formulate a theoretical basis from which to derive Performance Indicators. More often, though, PIs are defined operationally and are often arrived at through some political process involving negotiations between government agencies and educational institutions. As a result, sets of performance measures may differ somewhat from jurisdiction to jurisdiction. In general, though, Performance Indicators are developed with an eye to conventional campus-based institutions.

In the United States, higher education is also being pressed for greater accountability and improved attention to quality. Legislators in many states are moving toward “performance incentive funding”, as appropriations are based, at least in part, on whether universities and colleges are accomplishing stated goals. Performance Indicators are the tools to define and measure progress toward organizational goals.

Performance Indicators, as the term itself suggests, are not an exact measure of achievement but rather provide an *indication* of entity performance. To be useful to members of the Legislature, government officials, the public, and other stakeholders, Performance Indicators must be appropriate, relevant, accurate, timely, complete, and comprehensive. They should focus on the primary purposes of the institution or system of higher education.

Data-Driven Decision Making

For the leaders of state government, as well as higher education, fast access to accurate and relevant data can be the difference between a validated decision or merely a gut-level reaction regarding public policy and resource allocation. Today's data-driven decision making and its integration needs are tremendously more complex and demanding. The variety and volume of data are growing at unprecedented rates; delivery of bits and bytes across systems, while still important, is not sufficient for data integration.

The ability to leverage both structured data (database-driven) and unstructured data (employee-driven) ensures all relevant organizational knowledge is factored into the planning and performance management process. A completely web-based application that leverages familiar, widely adopted technologies like Excel and a standard web browser (rather than proprietary, non-web based applications) are both necessary, ensuring that every manager, at every level, can use and access the application and be engaged in all facets of the process.

An effective data-driven decision making strategy necessitates a proactive, *unified* approach to total higher education management at various levels of a state's higher education system. Rather than requiring a collection of disparate applications, platforms, security requirements, and databases, a truly unified solution calls for a truly unified approach. The end result is improved effectiveness, greater efficiency, more accurate information, enhanced stability, optimal security, reduced maintenance and support, and a positive bottom-line impact.

As various stakeholders and higher education itself continue to demand more from their decision support systems, unified state-level performance expectations, along with predictive analytics, will play an increasingly important role in shaping public policy, financial support, strategic and tactical planning, and decision making. Given this, the value of an effective and sound data-driven decision making capability, enhanced with predictive analytics, is four-fold:

- It provides information on *what is happening*.
- It provides detail on *why it is happening*.
- It provides insight into *what will happen*.
- It provides guidance on *what to do* to correct or leverage the given problem or opportunity.

Stakeholders

There are clearly a number of different groups with an interest in accountability issues and other matters in higher education, though they have different relationships to the issues in terms of the immediacy of impact. These groups—stakeholders—are integral to higher education's future.

Frequently referred to, and sometimes ignored, the identification and role of stakeholders in higher education is seldom explained. Nowhere is this more true than in discussions relating to accountability in higher education. Rarely is there a clear picture of who the stakeholders are in

any given situation or what their role might be in the context of higher education accountability systems.

There are several topics and issues that should be addressed not only as an essential component of the development and implementation of higher education's mission, but also in the policies associated with an accountability system. One essential issue is the responsibilities of institutions to constituent groups. Who are the major stakeholders or constituencies to be served, and what is the nature of the institution's obligation to each? Appropriate categories here include students, the general public, the local community, various levels of government, foundations, alumni, and other groups.

In the end, trust between and among higher education, policymakers, and stakeholders is based in large measure on the integrity and trust attributed to the decisions that are made, in the processes that occur in reaching decisions, in the actions implemented to reflect expectations, and in the moral vision and commitment to shaping the world of higher education for society's benefit.

IMPROVING ACCOUNTABILITY IN CALIFORNIA HIGHER EDUCATION

Notwithstanding its outstanding heritage, California higher education faces an uncertain future with regards to *accessibility*, *affordability*, and *quality*, absent consistent and sustained financial support. A dynamic and rigorous system of higher education is critical to California's prospects as it is inextricably linked to the economic vitality and a quality of life for all who wish to participate. Consequently, it is in the public interest for the state's policy makers and institutions of higher education to continuously preserve, sustain, and improve its educational resources as the twenty-first century advances.

The State's higher education system has played a vital role in the State's history and development. To continue to do so requires continuing attention to how to effectively address its relationship to the State—and vice versa—and to the people who have invested significant resources in the State's higher education enterprise. To prevail in these challenging times, the State must make strategic decisions guided by a *shared vision* and set of *common goals* for higher education.

Although California has reason to be proud of its postsecondary educational institutions and their performance over the years, the State and its institutions must recognize that changes will have to be made if the educational needs of the State are to be met. The accelerated rate of technological change occurring throughout the world makes this a time of radical restructuring in business and industry, creating a critical need for knowledge and skills that differ from those required in the past. Furthermore, the employment environment will be far from stable and the average individual will change careers a number of times throughout his or her life. These changes present a number of challenges that require the State to review and update the policy framework now used to guide postsecondary education decisions.

The reports of return on investment in colleges and universities, integral to studies of the economic impact of higher education, have served as a centerpiece of efforts to convince legislators and stakeholders of higher education's worthiness for support and investment. Still, the true economic impact of higher education is much more complex than the simple "investment" model suggests. University research creates many "spin-off" companies that

contribute to a state's economy. Additionally, colleges and universities animate a state's communities with many intangibles such as faculty expertise and the sharing of intellectual capital, its application to local issues and policies, as well as student volunteers and public services. Perhaps the most important aspect of higher education is in fact the access, support, and "delivery" of college-educated citizens. Broader efforts are needed to identify areas in need of attention as well as to report successes and dilemmas being faced by the state's higher education enterprise.

It is in the public interest to ensure that an adequate system of accountability and feedback is systematically provided by institutions of higher education and elected officials. Often overlooked is the fact that public institutions of higher education are instruments of policy—public policy. Not only should institutions of higher education be expected to be accountable for fulfilling their roles and responsibilities, but also elected officials should be held accountable for meeting their responsibilities of providing policy direction and adequate resources to enable the institutions to fulfill their mission.

CONCLUSIONS

E. Grady Bogue, in discussing a need to reconcile political and academic accountability cultures, has argued that the important principles that accountability practices and policy should serve include the following:

- Decision - they should enhance and improve both academic and political decision
- Discovery - they should offer opportunity for both campus and government to learn about themselves
- Disclosure - they should require both campus and state to place performance data in public forum
- Distinction - they should offer opportunity for campus and state to accent distinction in mission and goal.⁹

A state's accountability process should monitor performance of its higher education system, while strongly supporting individual segmental and institutional efforts, in each of its major functions—instruction, research, and public service—as well as recognizing the individual missions of each of the state's systems and institutions. The state accountability system process should provide for the adoption of systemwide and individual performance goals with standards identified with the advice of the postsecondary educational institutions and the state's governing or coordinating body.

This nation's demographic reality, combined with the fact that many developed and emerging economies are pouring significant resources into knowledge creation, makes increased public investment in higher education and university research absolutely crucial. The originality generated in university classrooms and campus laboratories remains central to finding solutions to the challenges faced today and tomorrow. Without it, the nation risks eroding not only its ability to fund the various programs and initiatives important to the country but also the quality of life enjoyed by all citizens.

⁹ E. Grady Bogue, *Quality and Accountability in Higher Education*.

Real change in a state's system of higher education will not take place without a change in the status quo—that is, a well-articulated commitment toward its institutions, and vice versa, needs to be formulated. A state's colleges and universities—including those that are a part of the educational system of the state, even those which do not receive state subsidy directly but nevertheless benefit from the state's financial commitment to students through financial aid and tax exemptions—must be held accountable for their actions. An accountability system that provides a means by which a return on investment is clearly stated to the public is essential.

Further, a state—its people, institutions, and elected officials—must be willing to honor this commitment in bad times as well as good times. To continue to take money from higher education when times are hard or other state needs arise—as has been done as state resources have waxed and waned almost every decade, most recently in the early 1990s—is both short-sighted and harmful. The state must increase funding for higher education to give its campuses the means to achieve excellence.

For their part, colleges and universities must respond to state expectations on three levels. First, they will have to continue to achieve increases in quality, particularly in the quality of undergraduate instruction. Second, the response must match the expectation. That is, the state supports a substantial increase in funding because it believes that higher education's role in preparing men and women for careers and its part in a state's economic development efforts is essential to prosperity—and institutions must be willing to gear their efforts to those roles. And third, the state's higher education system must be able to demonstrate, clearly and for all to see, the results of the investment. Proof of accountability and student success—success in their studies as well as success in their careers—is essential.

Many of a state's difficulties in higher education have arisen because of differences between what people say they believe and what they actually believe, and how they act toward both. The future of education, at all levels, depends upon the personal integrity of everyone—including students, stakeholders, educators, governmental representatives and all those tangentially affected by education—and upon their authentic responses.

RECOMMENDATIONS

The establishment and support of state higher education systems represent one of the greatest human and financial investments that any state undertakes. Many people are partners, including the population of the entire state. For this partnership to be effective, the state's elected officials, members of the higher education system, and their stakeholders must work together to carry out their respective roles. Serious attention to these recommendations can greatly enhance prospects for success of higher education systems in serving the people of their states.

A Public Agenda

Although states differ in terms of the mechanism by which a state's agenda and goals are established and implemented, they share a commonality of focus and a similarity of goals. Whether the mechanism used by a state to advance an accountability system is a regulatory, coordinating, or governing body, recognizable leadership and collaboration among policy makers, business leaders, and other stakeholders is required. The bottom line for many states is to close the tragic gap between the rhetoric of seamlessness and performance in the “educational pipeline” and the reality and/or perspective of an underachieving or underperforming educational system. Accountability is seen, in its myriad approaches, as a

powerful tool for improvement in terms of closing the gap and providing a vehicle for progress toward state priorities and goals.

The following recommendations are offered for consideration in an effort not only to recognize the inextricable link between a state's (and country's) higher education system and its economic development and vitality, but also to offer some policy recommendations and specific language in the advancement of a state accountability system for higher education.

- A state's accountability policy and its goals must match the means by which performance is assured.
- In states that have no public agenda or strategy, policy leaders—either directly or via an entity charged with the development of a Public Agenda—should actively reach out to legislators, education and business leaders, students, and other stakeholders to identify core issues critical to the short- and long-term future of higher education in the state.
- State policy must not only recognize the differentiated roles and responsibilities of the state and its system of higher education but also the state's expectations for meeting state goals.

Public Trust

Having a common understanding of the concept of trust is necessary, particularly when it is applied to higher education and the “social contract” that has been a strong bond between the public and its institutions of higher learning. Any mistrust or erosion of that trust must be understood and addressed, for it has implications for all of society, particularly in what has been considered a highly trustful environment in this nation.

Trust is a prerequisite to the effectiveness of any relationship, be it in personal terms or organizational terms, and certainly serves as a foundation for sound and effective working relationships. When trust is low, or declining, such a mood is difficult to overcome. And while trust is necessary for any organization or entity to function at its best, it is distrust that causes difficulties and makes those in positions of power be more demanding of the organization in terms of performance, productivity, and responsiveness to perceived or real issues.

The aftermath of the corporate scandals of Enron, et al., serves as a lens to sharpen higher education's focus on the key elements that actually create and sustain public trust in the “marketplace.” These elements—**transparency**, **accountability**, and **integrity**—are easy enough to describe, but frequently difficult to practice. And they must exist at every point in the information supply chain.

The first is a spirit of **transparency**. By this is meant that higher education has an obligation to willingly provide to stakeholders the information needed to make decisions, particularly policy decisions. All members of higher education must embrace a spirit of transparency. Governing bodies and educational leaders must report forthrightly on the critical value drivers of higher education, including the ways resources are being spent, student achievement, areas in need of attention, and performance of the higher education enterprise.

The second is a culture of **accountability**. All participants in higher education must hold themselves accountable: governing board members for ensuring that the achievement of the

system or institution as well as its shortcomings are identified and useful information provided to policy makers and the public; executive management for producing relevant and reliable information; state governing or coordinating boards for ensuring that management lives up to this obligation and for ensuring the objectivity and independence of their state reports; and analysts for producing high quality, unbiased research. Legislators and governors must also hold themselves accountable for the decisions they make.

Finally, even transparency and accountability do not automatically earn the public trust. In the end, both depend on people of *integrity*. Individuals of integrity “do the right thing,” not what is expedient or even necessarily what is permissible. Doing the right thing cannot be compromised, especially through actions that purport to create value for stakeholders but that ultimately betray them.

A commitment at the individual and organizational levels to doing the right thing and sustaining public trust needs to transcend core professional responsibilities. In order to ensure an increase in public trust toward higher education, the following recommendations are in need of not only attention but also action.

- State “accountability” reports should include evidence about how well a state’s colleges and universities, both collectively and through their interactions, are meeting the state’s educational goals.
- Renewed attention should be given to improving governance practices and increasing transparency related to higher education.
- Local, state, and national advisory groups, representing a broad range of stakeholders, must have early and continuous involvement.
- Individual and institutional integrity must prevail for higher education to maintain the public’s trust.

Performance Indicators

Higher education—as well as other public and private enterprises—is increasingly being called upon to provide “evidence” of its effectiveness and efficiency. Convinced that colleges and universities will have to do more with less, policy makers in most states are trying to promote change by introducing new accountability measures designed to increase efficiency and raise productivity. Many stakeholders are also promoting measures not only to hold higher education accountable but also to ensure that information is easily understood, transparent, and responsive to concerns about quality and productivity.

Governments at the state and national levels, as well as policy makers, see performance indicators as a means by which to evaluate accurately the performance of the higher education system and its component institutions. However, pressure for improved performance is escalating at the same time that resources are decreasing and demands are increasing.

Performance indicators, as the term itself suggests, are not an exact measure of achievement but rather provide an indication of entity performance. To be useful to members of the Legislature, government officials, the public, and other stakeholders, performance indicators

must exhibit certain characteristics: appropriateness, relevance, accuracy, timeliness, completeness, and comprehensiveness. They should focus on the primary purposes of the institution or system of higher education. And they should concentrate on effectiveness and efficiency.

- The articulation of policy goals to be realized by a state's higher education system should be clear and conform to the unique characteristics of the state's higher education enterprise, and should recognize that there are different missions and purposes of the state's colleges and universities.
- The state, through a consulting process, should introduce a framework for the reporting of performance by individual institutions or systems, as applicable.
- Those stakeholders entrusted and engaged in the development of Performance Indicators should advance the underlying philosophy that measurement provides a means of capturing performance data which can then be used to inform decision making.
- All aspects of the performance evaluation system should be open to public scrutiny.
- As the state's expectations for its system of higher education are articulated in a public agenda, a process should be undertaken to ensure that Performance Indicators are developed consistent with those expectations. Likewise, in a state having multiple governing bodies within its higher education system, the governing board should establish a core set of indicators consistent with its mission and goals and demonstrating the system's accountability; campuses should create institution-specific accountability indicators reflecting their specific missions.
- A process should be undertaken to review the suitability of accountability measures and to take into consideration new interests and changes in public policy focus concerning higher education at the state, system, and campus levels. The review process should be undertaken no less than every two (2) years and no more than every four (4) to six (6) years, depending upon budgetary and policy processes within a state. However, accountability indicators should remain constant between the periodic reviews.

Data-Driven Decision Making

The first step in improving accountability in higher education is to ensure the routine availability of information on educational performance. Computerized information systems can automate the entry and retrieval of key data on many aspects of a state's widespread endeavors. The same is true within a state's system of higher education. The information systems support quality measurement, decision making, and reporting. Installing or refining these kinds of systems for a state's accountability system will require an investment of resources, but the return will be high in terms of knowledge gained, strategies to be undertaken, and trend analyses to determine what changes, if any, require attention.

There is a need to develop methods for measuring and allocating resources that will enable stakeholders to ensure the alignment of allocations in ways that support a state's values and priorities, and that encourage and reward excellence. The process should be based on open communication and data transparency at all levels.

The production and use of reliable data are essential to good governance, policymaking, and strategic planning. Within government and higher education they are necessary for both day-to-day administration and for long-term planning. They provide a basis for formulating and evaluating fiscal and operational policies and programs. They allow the media, legislators, and the public to undertake an informed assessment of the performance of the government and the higher education enterprise, ensuring greater accountability. Statistical information—data—is also essential for internal decision making relating to activities, services, and programs.

A state should have information about students, faculty, finance, and programs for all levels of education, though the focus of this report is on higher education specifically. A single statewide education data warehouse is considered to be the optimum strategy. Decisions about the future of a state's higher education system must be based on reliable information about how students and institutions are performing. Typically, there may be an excellent data system, whether at an institutional or system level. However, too many states lack a statewide data bank that encompasses all of higher education, let alone one that encompasses data on the entire education enterprise, pre-school through higher education. Not only should the colleges and universities that comprise a state's higher education system see the value in such an effort, so too should the legislature and governor recognize and support the immediate development of a unified student data system. While each state would need to ascertain its cost to construct a data warehouse, it would be a relatively small investment that would pay immediate dividends.

The following strategic policy recommendations relating to data-driven decision making are necessary for ensuring that policy making and decisions are well informed by good data in a timely manner.

- Construct the infrastructure and make sure that it works. Take incremental steps towards building a system that can monitor and track results.
- Disseminate more and better information.
- Create a comprehensive higher education database warehouse.

Stakeholders

Developing trust among stakeholders is at once difficult and essential to overcoming perceived policy, funding, and achievement barriers to higher education purposes that currently exist in a state. Nevertheless, this is essential if a state and its institutions of higher learning are to attain or maintain the historical quality and excellence that the public expects of them. The current level of trust and respect within and among important stakeholders involved in providing policy direction, resource allocation, and other services all contribute to determining the effectiveness of a state's higher education enterprise. Stakeholders need to understand that building or renewing trust that has been lost between and among stakeholder members is critically important to a state's ultimate success, not only in fulfilling stewardship responsibilities but also in invigorating the totality of the educational enterprise with the kind of effective leadership and vision that the state sorely needs.

Higher education and its stakeholders need to strengthen their partnership to ensure communication, transparency, and clarity regarding issues, priorities, performance, and expectations.

Higher education enterprises should annually issue to stakeholders information on costs, prices, and areas of performance that will enlighten, inform, and serve as a means by which stakeholders can clearly derive a greater appreciation of what the trends, issues, and opportunities are as they relate to the stewardship of money and mission. The information should include data for developing college-cost reports or handbooks that are widely disseminated to prospective students, their parents, and the media in print and over the Internet.

While it may not be appropriate or feasible to report on every possible area of higher education activity in a single report, efforts should be undertaken to present a balanced approach to accountability reporting, reflecting a broad diversity of stakeholder interests. In addition to collecting state-level data and analyzing it to ascertain the progress being made on the achievement of state goals and objectives as well as the state's capacity to accommodate increased growth, it is important for individual segments of the state's higher education system, as well as individual campuses, to present their progress toward their goals for specific student and institutional outcomes.

An integral component disseminating information, in addition to the specialized reports prepared in the course of meeting governmental and accreditation body requirements, is the use of the Internet for informing the public in a timely and effective manner. Part of higher education's communications plan should utilize the technology and telecommunications that have become a staple of everyday life for most of the population.

- Mobilize a critical mass of internal and external stakeholders to fully develop, in a variety of settings and communities, the role that higher education plays in the life of the state, including the inextricable ties between higher education and the economic vitality of the state.
- Seek advice from a variety of stakeholders in higher education, especially students, parents, K-12 educators, college and university leaders, and business and industry.
- Expand educational approaches to address and meet the needs of relevant priority issues through collaborations and partnerships with external organizations and agencies.
- Establish ongoing informational strategies for various stakeholders, recognizing that in any given issue, certain individuals or entities will have more interest and engagement than others.
- Improve "market" information for better informing the public.

California

There is no consensus about the needs and priorities of California. There is no public agenda that is widely accepted and that guides policy choices. If one existed, it would help higher education to focus on developing a plan for the future that would contribute to the highest quality of life for students and society as well as to the economy of California.

A public agenda for California will go far towards creating a vision for higher education and forging an unprecedented new compact between the State and higher education. Furthermore,

a substantive public agenda process will raise public awareness about higher education in California and its role and responsibilities within the State as well as nationally and globally. Such awareness is critical, given that the reputation and image of the State's higher education system—real or perceived—directly affects the desirability of the State as a place to attend school, to locate a business, to pursue a career, and to live. In addition, the quality, image, and visibility of California's colleges and universities have a direct as well as an indirect impact on economic growth and the quality of life to be enjoyed by all of the citizenry. The public agenda would serve as the framework for multiyear relationships and understandings between the state and the higher education system in California.

However, the State's policy and governance structure for higher education, including state agencies and the organization of elected officials, seem extremely dysfunctional to most observers—critics and supporters alike. The educational “food chain” is based in large measure on archaic priorities and outdated ideas of institutional importance in terms of recognition within the state, nationally, and internationally. Additionally, the State's management structure has been evolving to relegate higher education to the status of just another state agency, rather than to its rightful place as an entity independent of State agency rules and regulations.

State leadership is required in order to establish and implement funding policies and methodologies that provide sufficient and reasonably predictable State operating support for California's system of higher education and ongoing State capital investments that can provide the fundamental infrastructure necessary to achieve the State's vision for higher education. That calls, of course, for significant state investment and a reasonable return on that investment related to State expectations, and it will require that higher education be accountable for measurable returns on the State's investment.

- To advance higher education in California in the public's interest and to sustain and increase public trust, a generally agreed upon public agenda for California higher education needs to be created.
- To address the State's vision and its priority goals for the State's higher education system, the Legislature and Governor should move quickly to clearly communicate its highest priorities. Only then can these issues be addressed in a timely and orderly fashion.
- To provide leadership and coordination for its higher education system, the State of California should commit resources to the establishment of a coherent and cohesive coordinating body for its system of higher education. Higher Education in this sense consists of the California State University system, the California Community Colleges, the University of California, independent colleges and universities, private postsecondary colleges and universities, and student financial aid.
- To establish a framework and mechanism for coordination and cooperation between the State of California and its higher education system that will facilitate collaborative activities in areas of mutual interest pertaining to the role and responsibilities of higher education in the state, a California Coordinating Board for Higher Education should be established.

Issues and Observations: A Perspective

Accountability for better results is imperative, but more accountability of the kinds generally practiced will not help improve performance. Our current system of accountability can best be described as cumbersome, over-designed, confusing, and inefficient. It fails to answer key questions, it overburdens policymakers with excessive, misleading data, and it overburdens institutions by requiring them to report it.

We need a fresh approach to accountability, an approach that yields better results. We need accountability to focus attention on state and national priorities and challenge both policymakers and educators to shoulder their share of the responsibility for achieving them. We need accountability to give us dependable, valid information to monitor results, target problems, and mobilize the will, resources, and creativity to improve performance.¹⁰

OVERVIEW

Higher education systems throughout the world are coming under increasing public and governmental scrutiny with respect to what they do, how well they do it, and at what cost. This focus has not ignored colleges and universities in the United States. Public skepticism and distrust of higher education has been growing. Higher education faces increasing pressure to bolster its accountability to state and federal government agencies. In part, this trend may signal a growing belief among legislators that the public investment in colleges and universities provides insufficient payoff for many students. It also reflects the goal held by some to make colleges and universities more businesslike on the one hand, with a stronger commitment toward improving education for low-income and historically under-represented students on the other.

As higher education has become more visible—because of growth, cost, and involvement in all aspects of life—institutions have become the subject of greater public discussion. The mass media, public forums, public opinion specialists, corporate leaders, students, the clergy, faculty members, and politicians continue to present their perspectives on the world of higher education. Some of the commentary has been grossly misinformed or greatly distorted. To the extent that such information is repeated and replicated, misinformation and distortion can become truth.

Amidst the new facts and reality, coupled with fiscal uncertainty or shortfalls, inadequacies are magnified and calls for accountability accelerate among stakeholders, particularly policymakers who reign over budgetary matters. “Accountability” becomes the mantra, especially popular with budget bureaus, legislators, and investigative reporters, and is often a term used ambiguously. Oftentimes, the call for accountability comes from those who would spend less and who would like to prescribe the ways and means by which their ends can be met. Others want to institute empirical standards for areas that are difficult to measure at best—quality,

¹⁰ *Accountability for Better Results: A National Imperative for Higher Education*, Report of the National Commission on Accountability in Higher Education, 2005.

intellectual growth, personal development, educational values, etc. Comparable uniformity is difficult to achieve, and often unfruitful. Rigid mandates or regulations, often applied across the board to paint all of higher education with the same broad strokes, fail to recognize the significant differences in mission, funding, and purpose. Such inapplicable procedures typically add additional costs in terms of red tape, bureaucratic barriers placed in the process, low morale, and inefficiency.

Adversarial relationships evolve between higher education officers and governors, legislatures, accrediting bodies, and often professional organizations. Inevitably, the adversarial relationship also includes people without mandate who presume to speak for the public—editors, commentators, and self-appointed spokespeople for higher education. It is not uncommon, unfortunately, for union representatives of components of the higher education enterprise to present themselves as speaking before legislative or governing boards on behalf of an institution or system of higher education, when in fact they are more often than not speaking on behalf of their union membership and have no mandate or position to speak for a college, university, or system of higher education.

However, the reality of today's world will not allow a return to the "code" of days past, which governed the relationships of colleges and universities. Rather, it is essential to find a balance between external relationships and autonomy, and to distinguish between indifference versus program interpretation and between the dissemination of reactionary and self-serving information versus sharing of intelligible and transparent information. If higher education is open and responsive to examination, it will emerge from increased scrutiny and pressure with greater stability and more effective education and public service.¹¹

These issues affect not only higher education itself. The bottom line: higher education pays its greatest dividends when it causes intelligent changes and action to be taken in our society and economy.

The main features and problems of higher education in this nation are not that well known, despite a significant volume of research, articles in the popular press, occasional media presentations on television, and the public interest generated by the "report cards" that appear annually in magazines touting their ranking of colleges and universities across the country. Of course, the annual rite of passage into colleges and universities by aspiring freshmen and their concerned parents draws attention not only to accessibility, admissions, affordability, and costs but also, in limited degree, to quality—the "food chain" or hierarchy in which some institutions are considered to be of high rank while others are deemed lesser institutions. In each state there are some good institutions, programs, and research departments, whereas many others are predictably bad. The problems are manifold:

- of equity, quality, and relevance;
- of administration and management; and
- of costs and efficient use of public resources.

¹¹ See David D. Henry, "Challenges Past, Challenges Present: An Analysis of American Higher Education Since 1930," An Essay for the Carnegie Council on Policy Studies in Higher Education (San Francisco: Jossey Bass, 1975), 143-147.

Also known, but of course subject to debate, are the many different proposals to solve these problems:

- to change the institutional framework;
- to change the way colleges and universities are organized;
- to establish or refine accountability systems; and/or
- to increase (or decrease) the regulatory power of the government agencies or related entities affecting the higher education sector.

It is not enough to know the facts and to suggest ideal solutions. It is also necessary to have the power to implement them. Indeed, efforts to introduce major reforms in higher education systems often lead to failures, precisely for not taking into consideration the strength of the opposition. Higher education institutions which have more “freedom” are usually considered and in fact found to be “better” than those in authoritarian or micromanaged environments. This is because academic institutions, to thrive, require an environment of freedom and individual initiative, which do not exist in an authoritarian environment. Even the best conceived reforms cannot possibly succeed if effected by threatening and demoralizing the main participants. Academic institutions are not single-function organizations, and are not amenable to vertical, hierarchically imposed models and commands. The task of institutional reform in higher education is in large part a task of intellectual persuasion, which can only take place in open political systems. It would be naive, however, to imagine that well-entrenched interest groups could be simply persuaded to approve changes which they might perceive as detrimental to them. Democracy is not only a matter of persuasion, but also of alliances and disputes, and this applies to higher education.

To maintain its position in terms of having one of the nation’s premier higher education systems, while marketing its quality programs and services to future generations of learners as well as reclaiming the public’s trust, a state and its colleges and universities will need to offer new ways of interacting with the public, and to do this on an aggressive schedule.

The traditional approach of “informing the public” in a reactive mode or in times when funds are being requested will not suffice. If, as institutions claim, they are performing in an effective manner, they need to design and implement changes to dramatically improve the effectiveness of their internal and external accountability system, including their data infrastructure and means of disseminating information to stakeholders. In this way, those institutions that are doing well will further extend their standing as high performance organizations and others having difficulty will have a case for increased assistance.

High performers do not merely recognize changing conditions, they take advantage of them. By translating data and its analysis into action, states will help ensure that their colleges and universities are effectively fulfilling their mission and the public will benefit as well as be informed. Through collaboration and cooperation, rather than adversarial and antagonistic behavior leading to dysfunction, a state and its system of higher learning can create a results-oriented environment for the people they serve.

This paper is intended to heighten a general awareness of what is happening and to increase the discussion and dialogue surrounding the challenges, issues, and implications of accountability in higher education. There is a particular emphasis on those matters that require attention as they relate to public trust in higher education. While not intended as a comprehensive review or treatise on the subject, the aim is to advance some considerations

and recommendations pertaining to the policies associated with improving accountability, performance, and the public's trust in higher education.

The purpose of this paper and other background papers related to Accountability in Higher Education is to contribute to a dialogue about the challenges facing higher education among education leaders and policymakers, community and government leaders, and other key stakeholders, including researchers, faculty, staff, and administrators. The goal of these exchanges is to increase understanding of the complex structures and cultures in state systems of higher education and their colleges and universities, with the intent of contributing to improving decision making, policy making, and leadership practices.

THE PAST AS PROLOGUE

There have been many factors and influences that have helped shape higher education as it now stands in this mid-point of the first decade of the twenty-first century.

From their very beginnings, public colleges and universities have stood for values and opportunities reflective of the nation's philosophy and vision for itself as well as its people:

The American state university has been a dramatic symbol of something unique in the history of higher education. It has been the very embodiment of the new concept that government should, and indeed must, give a free higher education to the people. As such, it has made manifest the characteristic American faith in the value of formal education and the even deeper commitment on the part of the American people to the principles of democracy and equality of opportunity.¹²

As time passed, and the twentieth century advanced, so too did higher education. Fueled by the G.I. Bill after World War II, hordes of veterans and others entered the once ivy-covered walls of academe, which now provided not only affordable higher education but also equality of opportunity for many who heretofore had not considered higher education. This generated a more widespread public support for the higher education enterprise:

As higher education stayed close to the people, the people took higher education to their bosoms and supported it generously with their gifts and taxes, in spite of the fact that their demands upon it were always leapfrogging ahead of their financial support.¹³

The increasingly public nature of higher education is reflected in the change in enrollment characteristics. According to one report, "In 1970, three of every four students enrolled in a college or university were resident in public higher education, whereas in 1950 the proportion was approximately equal."¹⁴ Colleges and universities, particularly public institutions, are social institutions with a public character. As such, they are accountable to the general public interest. Accompanying the public character of these social institutions is their public orientation—the idea that higher education is a right, not a privilege. And as such, the public is interested in the

¹² John S. Brubacher and Willis Rudy, *Higher Education in Transition*, 3rd ed. (New York: Harper and Row, 1976), 168.

¹³ Brubacher and Rudy, *Higher Education in Transition*, 257.

¹⁴ Kenneth P. Mortimer, "Accountability in Higher Education," ERIC Clearinghouse on Higher Education (Washington, D.C.: American Association for Higher Education, February 1972), 11.

questions of who goes to college, whether or not it is affordable, if higher education provides a quality educational experience, how many entering students ultimately graduate and in what time frame, etc. The result is a panoply of voices seeking to identify the return on investment that is owed the public.

Another important principle exemplified in this nation's higher education has been its respect for and commitment to all occupational groups, not just the so-called elite. Belief in egalitarianism has been an important factor. The lack of evidence that this principle manifests itself in real results in terms of access and achievement has been a focal point of much dialogue and debate. Federal and state governments are also interested, and desire evidence to be provided of how funds are being effectively utilized and results achieved. This, along with other factors, has contributed to increased demand for accountability in higher education.

Without autonomy and freedom, higher education has been increasingly constrained by external authorities, necessitating attentiveness to the values, principles, and concerns that historically have been integral to higher education.

PURPOSES OF HIGHER EDUCATION

Nevitt Sanford, in his introduction to the 1962 volume *The American College*, observed that what colleges do “tends either to be governed by tradition or to be improvised in the face of diverse—usually unanticipated—pressures.”¹⁵

Numerous articles, studies, and events indicate that a variety of social and economic forces are rapidly reshaping the structure, role, and core capacities of American colleges and universities. These forces include:

- Diversity issues,
- Access to education,
- Faculty productivity,
- Declining public financial support,
- Increasing student loan borrowing,
- Retirement, *en masse*, of upper-level administrators and faculty,
- Increasing reliance on and need for global and cultural competency,
- Misconceptions over the use and importance of “rankings,”
- Competition from new post-secondary education providers,
- Use of information technology as a teaching and learning tool,
- Demands for improved environmental performance and eco-literacy,
- Increasing debate over the social versus economic roles of higher education.

These forces put everyone's expectations for higher education in motion. Since students represent a relatively transient and amorphous body of stakeholders, their voice is often not as strong as those of cohesive constituent groups that have a more established system of advocacy to the leaders who make higher education policy decisions.

Students of higher education, as well as those old enough to remember, know that “once upon a time,” colleges and universities enjoyed an honored status in society. It was a time when society

¹⁵ Nevitt Sanford, ed., *The American College* (New York: John Wiley & Sons, 1962), 1.

intuitively embraced higher education's mission and supported it generously, largely without questioning what went on within the ivy-covered walls. As we enter the twenty-first century, however, colleges and universities face growing expectations and must provide increased accountability for the outcomes they produce—without exception.

But colleges and universities also represent a distinctive type of organization, and it is this distinctiveness that higher education uses to justify a lack of rational measures of institutional accountability and effectiveness. The image of organizations as rational entities dedicated to the pursuit of clear and measurable goals may not be a true depiction of any organization, and it is particularly ill-fitting for a college or university. The predominant characteristics of institutions of higher education, particularly public ones—i.e., the extraordinary amount of autonomy and professional discretion enjoyed by faculty, decision making by compromise and bargaining, and the limits on administrators' formal authority—have earned them the moniker "organized anarchies."¹⁶

The common values of higher education form a philosophic framework for goal setting, but the character of every institution is shaped as well by the environment in which it exists and in which it enacts its basic values. Higher education builds its identity in part by its responsible adaptation to the constraints and opportunities of its own situation. Higher education must be guided by more than a broad and generally unstated sense of purpose. If any institution of higher education is to make effective use of increasingly scarce resources, decisions about those resources must reflect prior determinations on goals and priorities, particularly as they relate to the expectations of the state. Not only does such a perspective indicate that higher education and the states will need to be more selective in their choices as to what is important, but it also ensures that those choices are subsequently reflected in budgetary decisions.

As higher education addresses the needs of many stakeholders, in a variety of ways, it is important to recognize clearly what an institutional emphasis on policy issues and priorities must not entail. The beneficiaries must be the general public and not merely the public's servants in government. Higher education cannot be captive to partisan interests, because its strength depends on an impartial and objective search for the truth. Freedom of inquiry is a fundamental aspect of the nature of a university.

At the same time, higher education must be committed to pursuing state and institutional goals, developing more effective means for assessing its degree of goal attainment, and disseminating the necessary information to ensure that its stakeholders are not only well informed but also have the opportunity to ascertain institutional effectiveness and efficiency. Such actions are not only responsive but also proactive in addressing the public's interest in higher education.

Frank H.T. Rhodes, President Emeritus of Cornell University, writes in "The University at the Millennium: The Glion Declaration":

Universities are learning communities, created and supported because of the need of students to learn, the benefit to scholars of intellectual community, and the importance to society of new knowledge, educated leaders, informed citizens,

¹⁶See Jan R. Williams and Craig R. Polhemus, "Designing and Implementing an Academic Scorecard," in Faculty Development Update, Accounting Education Association and American Accounting Association, Summer 2000, <<http://aaahq.org/facdev/teaching/aen/summer00/fd01.htm>>.

expert professional skills and training, and individual certification and accreditation. Those functions remain distinctive, essential contributions to society; they form the basis of an unwritten social compact, by which, in exchange for the effective and responsible provision of those services, the public supports the university, contributes to its finance, accepts its professional judgment and scholarly certification, and grants it a unique degree of institutional autonomy and scholarly freedom. Within this compact, the university has a reciprocal obligation for impartial scholarship, the highest professional competence and integrity, the cultivation of advanced knowledge and a love of learning among its students, and a sensitivity towards the need for its services in society at large.¹⁷

Rhodes' observations provide a reiterative description of the characteristics of the "new" university for the twenty-first century. Higher education is seen as fulfilling significant functions in our society, including:

- *valuing* learning throughout life;
- *promoting* the pursuit, preservation, and transmission of knowledge;
- *extolling* the value of research, both 'curiosity-driven' and 'use-inspired';
- *enabling* personal intellectual autonomy and development;
- *providing* skills formation and educational qualifications to prepare individuals for the workforce;
- *helping* position the country internationally.

Typically, states have emphasized that not all individuals may wish to undertake higher education. Acquisition of competency-based vocational and trade skills are an equally appropriate choice for individuals interested in developing their abilities for the labor market. However, for increasing numbers of students, universities are perceived as the most appropriate way to invest in their future.

Most states, if not all, see the purpose of higher education as much greater than just preparing students for jobs. They regard higher education as contributing to the fulfillment of human and societal potential, the advancement of knowledge, and social and economic progress.

The main purposes, then, that states typically have for higher education are:

- *inspiring* individuals to develop their capabilities to the highest potential;
- *empowering* individuals to learn throughout their lives (for personal growth and fulfillment, for effective participation in the workforce and for constructive contributions to society);
- *advancing* knowledge and understanding;
- *aiding* the application of knowledge and understanding to the benefit of the economy and society;
- *enabling* individuals to adapt and learn, consistent with the needs of a changing knowledge-based economy at local, regional and national levels; and
- *contributing* to a democratic, civilized society and *promoting* the tolerance and debate that underpins it.

¹⁷ Frank H. T. Rhodes, "The Glion Declaration: The University at the Millennium," *The Presidency*, Washington, DC, American Council on Education, Fall 1998.

The public has become skeptical with regards to these purposes of higher education. Fueled in part by both anecdotal and factual information regarding areas of weakness or failures, and by internal as well as external critics of the shortcomings of higher education, calls for increased scrutiny continue to be voiced in the halls of elected officials as well as by the public itself.

To ensure that these purposes are being met by higher education, particularly as they relate to the investment of state dollars, initiatives have been put forth by higher education for increased efforts to disclose the challenges and opportunities associated with how well they are doing and what it will take to more adequately fulfill their mission. Additionally, both state legislatures and Congress continue to focus attention on higher education as being in need of increased transparency in their performance and accomplishments. Under such scrutiny, higher education should either initiate increased disclosure and due diligence reporting associated with its activities and performance, or have the states do this for them.

ERA OF ACCOUNTABILITY

Accountability in higher education is not new. One might say that it is déjà vu all over again. In the late 1960s, as higher education grew to what was then considered to be unprecedented levels, and as student demonstrations concerning civil rights and other issues erupted throughout the nation, the general public became more skeptical about the role of mass higher education. Concurrently, the value of all social institutions was being questioned, and the government's role in other social concerns expanded. All of these factors, and many more, gave significant impetus to higher education entering an era of accountability.¹⁸

Colleges and universities had to become more concerned about growth and diversity as they were increasingly held accountable for the effectiveness and efficiency of the educational enterprise. While primarily centered on financial concerns, the value of higher education outcomes were increasingly called into question.

With growing student demand for higher education, increased attention was given to both geographical access and increased numbers. The result seemed to be the duplication of programs and the elimination of what, from a historical perspective, was seen as the unique purpose of many institutions. Now referred to as academic or mission drift, then it was seen as the blurring of the lines between colleges and universities, as teachers' colleges aspired to become universities in both name and practice and comprehensive universities aspired to become research universities. Such drift was of little concern during the period of sustained growth that accompanied this substantive concern for access. Governance became an issue, and many institutions revisited how they were governed, what internal decision making processes were in place, and who made what decisions.

Overall, the renewed interest in governance and accountability also intensified the importance of institutional planning, while bodies external to higher education questioned unnecessary duplication and whether programs should be reduced or eliminated. Amidst the skepticism and calls for justifying, if not reducing, programs and personnel, exacerbated in some states by sudden fiscal shortfalls, it became necessary to develop processes and reports using a variety of templates to measure the "unique" contribution of each institution to society that was demanded by various study groups as well as government agencies.

¹⁸ See Brubacher and Rudy, *Higher Education in Transition*, 388-89.

A commentary by the Carnegie Foundation for the Advancement of Teaching, as a part of the Carnegie Series popular in the early 1970s, drew attention to the issue of accountability, with particular emphasis on the role of policymakers:

Government officials at all levels are inclined to believe that the planning and forms of accountability in higher education are too often unrealistic, unconcerned with the needs of the larger society, and not representative of the true position in which institutions find themselves.¹⁹

The Carnegie Foundation researchers went on to offering the opinion that, “representatives of government will be receptive to institutionally developed measures of accountability if they are credible, not self serving.”²⁰

Higher educational institutions continue to face fundamental challenges as they adapt to increasingly competitive markets and increased scrutiny over the return on investment that the public expects. More than twenty-five (25) years ago the “accountability” matter was expressed this way:

In this 'age of accountability,' administrators and others have been especially concerned about educational outcomes and their measurement. Postsecondary institutions... are also being called on to provide factual evidence that they and their programs are providing the benefits that were intended, and that these outcomes are being produced in a cost-effective manner.²¹

More recently—in 2004—Congress, governors, state legislators, business executives, and others considered the information available on the nation’s postsecondary institutions to be inadequate for evaluating the quality and outcomes of higher education.

The 2006 Commission on the Future of Higher Education has also weighed in on the subject of accountability with its focus on accessibility, accountability, and affordability in postsecondary education. Recommendations emanating from the Commission will be a source of discussion, dialogue, and debate in Congress as well as across the country, as efforts are made to increase the performance of colleges and universities while increasing the achievement levels of their graduates.

A number of forces have combined to increase the pressure on administrators and faculty members in public institutions to demonstrate the educational effectiveness of their institutions. The most pressing ones include:

- Increased competition for public funds from other public services (e.g., highways, prisons, social services) even as the resource base in many states erodes;
- State appropriations that fail to keep pace with inflation;

¹⁹ The Carnegie Foundation for the Advancement of Teaching, *More Than Survival: Prospects for Higher Education in a Period of Uncertainty* (San Francisco: Jossey Bass, 1975), 86.

²⁰ The Carnegie Foundation, *More Than Survival*, 86.

²¹ O. T. Lenning, *The Outcomes Structure: An Overview and Procedures for Applying it in Postsecondary Education Institutions* (Boulder, CO: National Center for Higher Education Management Systems, 1977), ix.

- Congressional and other entities' call for increased accountability, workforce entry, and constraints on rising tuition costs;
- Public calls for reform and increased performance within the K-12 environment; and
- Legislative demands for accountability and increased productivity.

Along with these—and other—factors, questions have been raised at the national and state levels regarding the business and educational practices of many not-for-profit philanthropies, 501© (3) foundations, and educational enterprises. Furthermore, there has been an increased focus on the knowledge requirements of the future and whether or not higher education is adequately preparing students to meet projected workforce needs.

While public institutions may feel these particular pressures more keenly than private institutions, other and equally-threatening sources of pressure make no distinction between public and private institutions. Postsecondary educational institutions in the independent sector share in their public counterparts' susceptibility to such pressures as:

- The spiraling costs of attendance and operation;
- Accrediting agency requirements to assess student learning outcomes and to incorporate the findings in operational and programmatic planning and decision making;
- Corporate and government leaders' alarm about the nation's economic competitiveness in a global market;
- Critics and observers both inside the academy and outside who have attacked colleges' and universities' reward structures and current directions;
- News stories of financial mismanagement (and in some cases fraud) or educational malfeasance at both prestigious and obscure institutions;
- Colleges' and universities' reluctance to engage in outcomes assessment and slowness in responding to external requests for outcomes information, which have fueled legislative and public frustration and impatience;
- Graduates who cannot find post-baccalaureate employment regardless of the economy; and
- Employers' increasing dissatisfaction with the skills their new employees bring to the workplace from their baccalaureate programs.

Proprietary degree-granting institutions (perhaps because their programs are both shorter and more specifically targeted at employment than are those of not-for-profit institutions) appear to be less open to criticism relating to employer dissatisfaction, program completion, and employment placement rates than are institutions in other postsecondary sectors. Their achievements notwithstanding, however, proprietary institutions confront many of the same educational "quality" issues facing their not-for-profit counterparts.

In summary:

- There is a lack of public understanding of the ways in which colleges and universities affect the future of the state.
- There are demands for greater institutional accountability regarding finances, administration, research and academic matters.
- Society expects higher education to contribute to economic development and to solving social issues as well as public policy problems.

To address these and related issues, it is important that colleges and universities take proactive action—otherwise it will, in all probability, be thrust upon them in ways that are not in their best interests and further exacerbate the gap between higher education and public whose trust it needs. Higher education can address this problem in the following ways:

- by showing how it is improving productivity and performance by relying more on outcome measures;
- by better understanding and responding to the needs of the state;
- by providing evidence of the ways in which it is making current as well as ongoing contributions to the business, technical, and community sectors;
- by demonstrating how it is adding value, especially in helping to address major policy and societal problems and in supporting strategic technologies for the state's future;
- by providing non-traditional educational and other outreach programs that improve the wellbeing of a state's citizens.

The choices to be made must be approached with openness, drawing on creative energies and talents across higher education. A partnership between stakeholders and educational leaders—people with diverse ideas but a common goal of making what is already good even better—must reconcile these challenges and opportunities.

ACCOUNTABILITY

The term *accountability*, as it is commonly used in higher education, includes a range of policy issues, not all of which are related to student outcomes. As a general policy construct, the term refers to the responsibility (if not legal obligation) of campus and system administrators, as well as governmental officials, to provide their supervisors (ultimately, the public) reports of their stewardship of public funds. Such officials have always had a professional responsibility to account for their use of public dollars, but since the mid-1970s, deteriorating state and national economic conditions have led to demands for greater accountability.

Institutional and state education officials are under pressure to provide evidence that their institutions are producing outcomes consistent with their mission and worth the cost. Such demands raise a host of difficult philosophical, political, and methodological questions, as H. R. Bowen points out:

- Who should decide (and how) what the goals of a public institution or system should be?
- Who should decide (and how) what the definition and standards for "worth" should be?
- How are costs to be measured and then associated with outcomes?²²

Similarly, states have a responsibility to provide the state's system of higher education with not only the public policy framework but also the resources to meet state goals. For example, the State of Washington has wrestled with the matter of institutional and state accountability in its recently revised accountability framework, in which its rationale for the changes to be undertaken in its new approach to the matter is outlined:

²² H. R. Bowen, *Evaluating Institutions for Accountability*, New Directions for Institutional Research no. 1 (San Francisco: Jossey-Bass, Spring 1974).

Accountability can be a powerful tool for improvement when its purpose is well-defined and performance indicators are linked to state priorities. Ideally, an accountability system does the following: (1) aligns institutional priorities with state goals, (2) allows students, legislators, leaders of educational institutions, business leaders, and others interested in higher education to view progress toward those goals, and (3) provides a basis for making policy decisions.²³

Colleges and universities are audited annually in many areas of their operation, of course, but calls for accountability in the present context are less concerned with tracing the precise expenditure of funds than with the justification of those expenditures. Accountability issues involve documenting operational and educational cost effectiveness as well as matters of governance, reporting and related regulatory requirements and reform, and assessment policies (a prominent subset of regulatory requirements). Few campus, state, or federal officials and observers expect the pressures for accountability to diminish anytime soon.

Accountability and stewardship require that higher education produce more specific evidence that it has fulfilled, in some measure, its various obligations. The evaluation of higher education often concentrates too narrowly on institutional resources while neglecting the total impact of an institution or system on its students and on the community. (With regard to a state's higher education system, the same is true as it relates to its impact on the state.) That impact, of course, depends not only on the resources of higher education. It is determined as well by the success with which those resources are marshaled in the pursuit of well-defined goals and objectives.

Critics argue that, in fact, higher education has not produced evidence of successful performance on most points of interest or obligation, and is unable to do so. Statements about higher education accomplishments should be outcome rather than process oriented. They should speak to the characteristics of a high performing organization educating persons through attendance and application in a college or university.

In his analysis of how higher education earns independence or autonomy, Paul Dressel recognized that while it is needed, it cannot be expected that it will be automatically extended to any institution: "Institutions have to earn autonomy and they have to be able to demonstrate that that autonomy has been effectively used."²⁴ Of the essential demonstrable evidence by higher education, Dressel considers the following to be required:

1. The institution should be able to demonstrate that it has performed well the various tasks that have been assigned to it.
2. The institution should demonstrate the capability of self-governance carried out in a dignified and effective manner, as evidenced in the behavior and morale of its staff and students and in the clarity, equity, and applicability of its policies and procedural rules.
3. The institution should be orderly.

²³ *Washington Higher Education Coordinating Board, A New Approach to Higher Education Accountability in Washington*, March 2004.

²⁴ Paul L. Dressel, *Administrative Leadership: Effective and Responsive Decision Making in Higher Education* (San Francisco: Jossey-Bass, 1981), 146-147.

4. The institution should be able to demonstrate effective use of its resources. This is not simply a matter of accountability. Effective and efficient performance of the institution is essential to meet its obligations to students and society.
5. Institutions earn and justify independence by demonstrating that their programs are carried on effectively and provide those services dictated by their missions and roles.²⁵

Although accountability in higher education is typically the result of external demands, it is fundamentally a covenant between the public and higher education. It is a reciprocal relationship, often overlooked by the public's stewards—elected officials and policy makers—who have stewardship responsibilities just as higher education does in the public's interest. On the one hand, the public expects that its colleges and universities will perform at a certain level and fulfill certain expectations; on the other hand, the public—through its elected officials—has an equal responsibility to provide higher education with the capacity to meet those expectations. Thus, reciprocity is an essential ingredient in the compact and in sustaining and increasing the public's trust in its colleges and universities.

A STATE-FOCUSED ACCOUNTABILITY SYSTEM

The primary task of a state-focused accountability system, as distinct from an institution-focused accountability system, is ascertaining whether and how the state's system of higher education as a whole is meeting state needs and where adjustments need to be made either in policy, strategy, or resource allocation. It should operate within an agreed framework underpinned by:

- a formulation of criteria and procedures in consultation with the components of the state's higher education system;
- a formative notion of quality assurance, focused on improvement and development rather than punitive sanction; and
- a mix of institutional self-evaluation and external independent assessment.

The principles of public accountability and educational access are not theories. They should be the driving force behind all that higher education does, and the results of these efforts should show in both the success of graduates and in the economic impact its programs have on the state.

Each state needs to consider the relationship it seeks to have with its higher education sector. In many instances, such as student fees and financial aid, state funding makes up a considerable per cent of the total operating budget of higher education. It is, therefore, entirely appropriate that colleges and universities be monitored and expected to ensure public accountability. The key areas in which states need assurance and which are essential in any accountability model, given the substantial level of funds it provides, are:

- quantity assurance about minimum levels of provision of higher education for the state's students;
- financial assurance that funds are being used prudently to effectively deliver the outcomes the state seeks;

²⁵ Dressel, *Administrative Leadership*, 146-148.

- quality assurance in terms of the outcomes achieved; and
- probity assurance in the integrity of higher education operations and decision making, particularly in the provision of equitable and transparent access to the university by students from across the community, in universities' research endeavors and commercial ventures, and in their strategic decision making.

ACCOUNTABILITY AND AUTONOMY

Reasonable autonomy of colleges and universities consistent with public accountability is essential to maintaining institutional integrity. Recognizing that no institution can or should have absolute independence, especially when it is a part of a state higher education system, care should be taken nevertheless to avoid the erosion of autonomy by external forces.

What is accountability and transparency?

In considering the question of accountability it is useful to examine what this means, both in general and in relation to higher education specifically, and to consider the relationship between trust and transparency.

Accountability. According to the Concise Oxford English Dictionary, to be accountable is to be required or expected to justify actions or decisions and to give a satisfactory record or explanation. Such an account may include both a description of an event or experience and a record of financial expenditure and receipts. It also implies a relationship—one party is owed an explanation or justification and the other has a duty to give it. Beyond this, however, it becomes more difficult to specify what accountability means or what it means to be accountable. Insofar as it involves a relationship between two or more parties, it implies that there is a common language of accountability and a common set of expectations about what is involved. Yet it is clear that across all sectors the language of accountability evolves over time and in response to events, such as well-publicized scandals and changing public expectations.

As Day and Klein suggest, accountability is far from being a neutral, technical process.²⁶ Even at a very basic level—measuring performance against objectives and outputs against inputs—the process is not clear-cut. Questions such as how objectives are defined (and by whom), or what is meant by performance or impact, are critical. Similarly, debates about fundraising and administration cost ratios demonstrate that accountability can be controversial. Therefore it is best understood as a value-laden process, which then begs the questions: whose values count? and who has the power to determine what should be accounted for? Such questions are particularly pertinent for voluntary and community organizations that are value-driven and have multiple accountabilities to a range of stakeholders.

Questions of power and values are as much about relationships as about process. This can be seen most clearly in Leat's model of accountability that encompasses the following activities:

- Being held to account by stakeholders or on their behalf, via sanctions or other methods of redress which enforce the right to effect change.

²⁶ P. Day and R. Klein, *Accountabilities: Five Public Services* (London: Tavistock Publications, 1987).

- Giving an account, providing stakeholders with an explanation or information to report what has taken place and the outcomes of that activity.
- Taking account of stakeholders' needs and views and responding to these by examining and, if necessary, revising practices or enhancing performance.²⁷

Some commentators, including Leat himself, suggest that it is only the first of these that ensures effective accountability: the ability to ensure that an organization lives up to its commitments and to back this up with sanctions. Plummer, for example, has argued that service deliverers and others are truly accountable only to those able to exercise sanctions over them.²⁸ However, while this is important, by itself it implies a narrow, legalistic form of accountability that potentially privileges some stakeholders (those with the power to hold to account) over others, and certain activities (e.g., avoiding sanctions) over others.

As quasi-independent, autonomous organizations, public colleges and universities are primarily accountable for their own mission and values and must be clear about communicating these to stakeholders and to the wider public. This highlights the importance of accountability measures that enable higher education to give an account of themselves in their own terms and according to their own ethos. There is a danger that too great an emphasis on holding organizations to account will undermine their autonomy and purpose.

It is equally important that higher education take account of the views of their stakeholders, and particularly those of their supporters and beneficiaries. Colleges and universities have multiple stakeholders to whom they should be accountable, including beneficiaries, state and federal government funders, external regulators (for example, accrediting bodies), staff and volunteers, and the wider public. Each group has different and potentially conflicting interests and different information needs. But they also vary in their ability to exert sanctions: those stakeholders with the least power may be least able to hold an organization to account. For example, beneficiaries may have little formal power, but an organization that takes account of their views—and can demonstrate this—may in fact be more effective than one that seeks merely to avoid sanctions.

Transparency. A greater emphasis on organizations giving their own account places the onus on them to be honest and transparent. This is directly related to clarity—the state or quality of being clear and easily perceived or understood.

Higher education, particularly public institutions of higher education, rely on public support—both directly, in the form of donations of time and money, and indirectly, in terms of public goodwill towards the sector as a whole. And whereas in the past it may have been enough simply to assert that colleges and universities are worthy, today people are more ready to question and challenge such assertions. Proponents of increased accountability—and sanctions—argue that higher education needs to open up its decision making and conduct to public scrutiny, to justify and explain their role in such a way that it can be easily perceived or understood.

As argued above, appropriate external regulation holding higher education to account is a necessary form of accountability, but by itself is limited. There is a need to develop approaches

²⁷ Leat, *Voluntary Organisations and Accountability* (London: National Council for Voluntary Organisations, 1986).

²⁸ John Plummer, *How Are Charities Accountable: A Study of the Approaches to Governance and Accountability Developed by Twelve Major Charities in Britain* (London: Demos, 1996), 26.

that recognize and address the complexity of higher education accountabilities, the diversity of the sector, and the historic independence and autonomy roles of higher education. This requires a broader understanding of accountability and a greater emphasis on effective communication. It also requires colleges and universities themselves to take responsibility for this and to take their accountability seriously, as well as to be more transparent in what they do and how they do it. As spelled out in a report on “Accountability and Transparency” by the National Council for Voluntary Organizations, greater transparency is needed to:

- maintain public trust and confidence in the actions of higher education;
- strengthen relationships with stakeholders, particularly representatives of the public (elected governmental officials), funders and donors (of time and money), and others who support higher education’s mission and role;
- clarify what individual colleges and universities are for and how they achieve this;
- generate a greater understanding of what the sector is for and how it operates, including understanding of the wider social, cultural, and economic roles that higher education undertakes; and
- justify the sector’s expanding role in civil life and in providing public services as a consequence of government policies in these areas.²⁹

The rationale for an accountability system includes the notion that accountability can promote educational quality in several ways. An effective accountability system not only reports the status of higher education to the public, but it also:

- serves as a vehicle for institutional or system improvement by setting clear expectations;
- influences what administrators do, what faculties teach, and what students become; and
- emphasizes a higher education geared towards student results.

Despite several initiatives underway in most states in promoting increased accountability, there exists a gap—some would say a widening gap—between higher education and the public as well as between higher education and policymakers. A fractured social contract does not serve the public, a state, or the nation well.

ACCOUNTABILITY GAP

Despite some reluctance to adopt corporate models, no one in higher education can ignore the increasing national pressure to produce and insure a “quality education.” Driven primarily by state legislatures, the movement for accountability and outcome measurement in higher education has been likened to a cattle stampede that will trample institutions that fail to anticipate national interest and initiate more convincing internal quality control measures.³⁰

Many stakeholders of higher education recognize that higher education is a long-term societal investment. Short-term, simple input measures of the performance of an institution—for

²⁹ The National Council for Voluntary Organizations, “Accountability and Transparency,” <<http://www.ncvo-vol.org.uk/asp/search/ncvo/main.aspx?siteID=1&sID=18&subSID=92>>.

³⁰ Center for Higher Education Policy Analysis, “Higher Education’s Agenda: A Framework for Action,” University of Southern California, June 1997, 13.

example, dollars spent per student, selectivity in admissions, number of library volumes per student, and competitiveness in external research grants—are inadequate for assessing the quality and relevance of colleges and universities. Instead, many stakeholders, particularly policymakers, favor actual student learning outcomes, as well as other explicit outcomes, such as the benefits realized from research, to measure performance.

Public colleges and universities are an instrument of public policy. As such, failure to allocate adequate resources to these institutions reduces their ability to realize the myriad expectations of policy makers. In turn, while higher education is scrutinized by policy makers, particularly elected officials, and criticized for its shortcomings or marginal performance, policy makers also bear the burden of responsibility for their failure to provide either well articulated and clear expectations and objectives or the sustained, adequate resources required by these public policy instruments.

Governments in many countries, at the federal level in the United States, and in most individual states, are pressing for demonstration that their funding for higher education is well spent, that desired outcomes are achieved, and that quality is assured. Accountability purposes can lead to celebration or defense of the status quo, rather than the active search for change and improvement.

Public Expectations. Increasingly, the public expects higher education to:

- be of the highest quality and to be affordable and accessible to the state's citizens throughout their lives;
- graduate persons who are independent, knowledgeable, versatile, and creative—in other words, able to take up the many challenges and opportunities that the twenty-first century will present;
- prepare graduates for good jobs;
- make vital contributions to the social and cultural well-being of the country;
- contribute to, and draw from, the international network of research that supports prosperity and well-being and that serves to enhance understanding of the world; and
- serve as a pillar of regional economic growth and of global competitiveness.

Higher Education Concerns. In general, higher education recognizes the need to be accountable for its use of funds from a range of public and private sources. However, there are increasing concerns that the demands of accountability are placing too great a burden on colleges and universities. This is true not only in the United States but also around the globe.

In light of these concerns, in England, for example, the Higher Education Funding Council for England (HEFCE) commissioned an external review by an independent consulting entity. Its aim was to assess and measure the extent of the accountability burden experienced by universities and colleges; to identify the factors generating that burden, and to recommend possible improvements.

From fieldwork with institutions and stakeholder organizations, the report concluded that:

- institutions' perceptions of significant and growing accountability demands are substantiated, although the associated burden (that is, costs that would

- not otherwise be incurred) varies greatly according to institutions' internal management systems and priorities;
- stakeholders felt that current accountability arrangements often fail to deliver the appropriate levels of assurance and confidence, which has led to pressures for additional information requirements and checks on institutional performance;
 - failures of communication between stakeholder organizations and with institutions led to duplicated accountability requirements and activities, and to misunderstandings over stakeholders' intentions and expectations, all of which have generated avoidable costs.³¹

The emergent picture is of accountability arrangements that have accumulated over many years, and which in many ways now fail to meet modern needs or circumstances.

Higher education already is accountable.

The demand for accountability in higher education, regardless of its source or motivation, fails to recognize that higher education already is accountable. At a minimum, colleges and universities that use public money (and, for that matter, private money as well) are expected to account for their activities, their due diligence, their excellence, and their performance.

Many stakeholders either are ignorant of or mystified by the myriad accountability and quality assurance activities already operational within higher education. Often they are either unfamiliar with the internal and external review processes or under the misperception that little or nothing is currently in place; however, stakeholders should be aware of the ongoing and recurring reviews and performance expectations that are met almost on a daily basis within institutions of higher education. There are many illustrations of internal quality assurance mechanisms, in which individual universities (as well as individual departments and, indeed, individual instructors) act to assure and improve the quality of their own academic offerings, but the criticism and confusion typically concerns external quality assurance.

Quality Assurance. Quality assurance measures of various kinds have arisen for two principal reasons. Higher education, for many years, has been concerned with ensuring and enhancing the quality of its academic programs. The internal academic approval process typically establishes standards for new programs, and many colleges and universities have long been determined to guarantee that existing programs continue to meet those standards. Nevertheless, it is the issue of improving quality, rather than simply confirming that minimum standards have been met, that offers the greatest benefit and interest to academics. After all, even the best of programs can be made even better, and continuous quality improvement is a distinguishing feature of the most renowned programs and institutions in the higher education community. However, that purpose is often in tension with the other driving force behind the recent increase in quality assurance processes in many jurisdictions—namely, the increasing government pressure for public accountability.

Government Regulation. The first way in which governments regulate the quality of higher education is at the institutional level, by approving the institutions that offer it. In most states, public colleges and universities have been established by legislation, and in five states they are

³¹ Higher Education Funding Council for England, "Better Accountability for Higher Education," Report 00/36, <http://www.hefce.ac.uk/pubs/hefce/2000/00_36.htm>.

authorized via the state constitution. Additionally, most states have enacted legislation that has created boards or agencies to govern, coordinate, or advise the government on the higher education enterprise. A few have also created a regulatory body that oversees the creation or entry of private and/or out-of-state and/or proprietary institutions.

Many forms and processes associated with institutional roles and responsibilities in carrying out instruction, research, and public service deliverables are relevant to accountability.

- *Financial.* Each source of funds received by colleges and universities—whether from (1) restricted or unrestricted gifts; (2) conditioned grants; (3) performance contracts; (4) student fees; (5) tuition; (6) fees for services; (7) appropriations from the state or other governmental entities; (8) funds received from securities, real estate, or other income-producing enterprises; (9) research grants and contracts; or (10) other sources of income or expenditures—all require their own accounting and reporting demands to document and assure that the appropriate expenditure and allocation is being provided for the use of the money.
- *Performance.* While in recent years indices and standards have been developed and utilized, accounting for performance in colleges and universities has been in need of attention. Often contentious not only in their development but also in their implementation, various efforts—ongoing as well as new—include such matters as faculty assessment, teaching evaluations, program review, research results, and specific program areas.
- *Compliance.* Public policies, and their implementation, normally follow the “golden rule”; i.e., those that provide the money make the rules. While organizations often struggle to understand compliance and focus on funding, compliance more often is intended to ensure ongoing validation that controls are in place and functioning as expected, as well as that processes are in place to identify issues and challenges relating to expected high performance. Compliance with this rule is particularly important in policies such as affirmative action in employment, educational equity in student recruitment and retention, in financial aid, protection of human and animal subjects in research, occupational health and safety standards, handling and disposal of toxic and radioactive waste materials, competitive purchasing, facility construction, and many other public policies.

These broad categories of accountability efforts encompass the multiple sub-categories and macro-assessments that are inherent in institutional accreditation review processes, professional program reviews and certification or accreditation, and governmental—both state and federal—audits and multiple prerequisite diagnosis and assessment reviews. At the state level, multiple agencies may have a role and/or responsibility in some aspect of higher education (California, for example, has at least twenty different agencies with a role to play), including their involvement in detailed planning, budgeting, program review, hearings on budget requests, bureaucratic analysis of all budget requests and then of reports provided on the budgetary expenditures, etc. Some see this as a nuisance, others as a necessity, and yet others see so many layers of review and analysis as evidence of a growing micromanagement mentality and increased incursion of these agencies into the internal workings of higher education.

Higher education associations, accrediting bodies, research centers, and federal and state governments all promote higher education accountability. Institutions and systems provide volumes of accountability information and data to such entities as the U.S. Department of

Education's Integrated Postsecondary Education Data System (IPEDS), to regional, national, and specialized accreditation associations, governing boards, state legislatures and/or higher education governing or coordinating boards. Such reports and information are provided not only to regulatory bodies concerned with environmental and building codes, but also to voluntary programmatic and operational processes as well.

Often overlooked or not appreciated, public institutions of higher education have a long history of successfully justifying their value, quality, and continuing improvement to their various external constituencies: students, parents, the general public, makers of public policy priorities, accrediting agencies, the providers of financial and other resources, and their various supporters. Institutions do this by paying attention to the goals of their work, by testing results against these intentions, and by their willingness to change when confronted with the imperatives that flow from better ways of measuring their effectiveness. In broad terms, this process is called accountability.

HOW DOES HIGHER EDUCATION NEED TO CHANGE?

Consistently strong support for higher education exists alongside skepticism about the priorities of colleges and universities—whether teaching receives the emphasis it should; whether research is overemphasized or under focused; whether big-time athletics skews institutional perspectives; whether ambitious administrators, faculty members, and supporters want to expand institutional missions beyond the state's real needs; and whether the people in charge of our colleges and universities really do all they can to hold down costs.

To move higher education up on states' priority lists, its leaders must face more directly the kinds of skepticism and questions that trouble the public. To earn top-priority status, higher education must come forward with the changes that will better serve their customers. In return, state leaders need to adopt the approach of cutting-edge corporations: set clear goals and measures of accountability, then provide the resources and flexibility college and university leaders must have to get a maximum return on investment.

Specific changes will vary from college to college and from state to state. The diversity that is a hallmark of American higher education makes it all but impossible to issue blanket change orders for the enterprise as a whole. One blanket change is in order, however. Colleges and universities have to respond more directly to the concerns of their customers: students, industry, and government.

Giving attention to the concerns of the customer is not the same thing as saying the customer is always right. College and university leaders are not being asked to give up control over their affairs; they are being urged to listen more closely, to respond more fully, and to broaden their definition of "quality" to include customer needs.

The basis for improving public accountability in higher education is making public resources and funding for institutions conditional on their governing bodies providing strategic plans and reporting on their performance as it relates to their goals. The plans will provide a framework for continuous improvement within institutions and a reference point for quality assurance.

Public accountability for state goals also implies that the state has clearly articulated its goals and expectations for its higher education system. The provision of goal-oriented public funding

is intended to result in more equitable student access; improved teaching, learning, and research; increased student progression and graduation rates; and greater responsiveness to social and economic needs. Public funding and resources may need to be conditional on higher education institutions formulating plans for their future development and providing evidence of the progress they are making to realize those goals.

In considering and subsequently developing an appropriate policy framework and steering mechanisms for a state, several important matters must be articulated commensurate with each state's vision of its future and current needs. Among the issues to be considered by a state and its higher education system are the following:

- *Current Accountability Information Is Not Effectively Communicated.* While many institutions of higher education maintain current information on the performance of higher education, the fact remains that in most instances this information is poorly understood by external audiences. In addition, while pointing fingers toward higher education continues, particularly on the part of elected officials, there is enough blame to go around. Absent clarity and consensus on what information will address the interests of elected officials on behalf of the public, the spiral of discontent will continue.
- *Current Accountability Systems Are Fragmented.* While there is a ponderous amount of information available, its nature and how it is displayed or presented often serves to obscure what needs to be known to address the state's interests. In general, higher education accountability systems—a phrase considered by some to be an oxymoron—are oftentimes characterized by fragmentation, frustration, and a lack of utility.
- *What Is Needed: A Culture of Evidence.* The challenge for states and higher education—and one can argue that the challenge should include the federal government as well—is to get the right information to the right people—i.e., stakeholders—at the right time. Accountability systems have to be aligned so that needed or useful information is provided at the institutional, system, state, and federal levels where the same information is used. The intent of building such a culture of evidence is not to add to the burden of requirements at the institutional level, but rather to ensure that there is clarity and consistency in the data and information contributing to an effective accountability system.

In addition to the value added by higher education to the knowledge, skills, and competency of individuals able to take advantage of the resources provided at colleges and universities, there is an inextricable link between a state's higher education system and its economic vitality. One needs only to look at the Golden State, California, to make such a claim, whether anecdotal or supported by the analysis of economic data. Quality of life—be it at the individual level or at the local, regional, state, national, or global levels, in the areas of commerce, understanding, and civic engagement—is significantly enhanced and impacted by well-funded institutions of higher learning that effectively and efficiently fulfill their missions through sound stewardship of resources, including the learners within their sphere of influence.

AREAS WHERE ACTION IS REQUIRED

There are several functional areas where states, if they have not done so already, need to focus attention, in collaboration with their higher education system. While the following may not apply in all situations, it reflects best practices in those states that already have in place or are in the

process of instituting a more effective and transparent accountability system at the institutional and state levels.

Creating a Policy Framework

Institutions of higher education today face myriad pressures and responsibilities. Foremost among them is the need to account for monies received from private donors, state legislatures, grant agencies, private industry, the federal government, and foundations. In addition, higher education is faced with reduced funding, general state and federal regulations, reporting requirements, cooperative relationships with the private sector, and internal equity. Such regulation and micromanagement, as well as the regulatory and control environment that is being espoused by many, affects institutional autonomy, and, while each individual regulation or control language may not be negative in and of itself, it combines with others to pressure higher education into establishing numerous mechanisms for accountability.

As the demand for accountability in American higher education grows, efforts have been made by individual institutions, state policy boards, and by notable organizations such as the American Association of Colleges and Universities and the Carnegie Foundation for the Advancement of Teaching. Their purpose has been to assess the performance of higher education, in particular the quality of undergraduate teaching. Largely motivated by both parents' and state policy boards' demand for standards and accountability especially given tuition increases, organizations and institutions have funded numerous projects aimed at evaluating the quality of undergraduate education.

Cultural Shifts Required

Sound public policy within a state is essential if higher education is to perform at optimal levels. Amidst calls for increased accountability there are policy makers, and their staffs, who either espouse or implement operational practices in which higher education is treated as a conventional state agency. Such policy and practice will not work where new expectations, coupled with reduced state support, require an efficiency-centered, entrepreneurial environment rather than an expensive, risk-avoiding, and regulatory premise. Regulatory constraints and red tape impose additional costs, certainly significant but not as easily quantified. More often than not, regulations sap creativity and innovation. Initiatives brought in to simplify the tangled web of red tape only have the effect of making things more complicated.

The reinvention of government must be extended to include the state's responsibilities for providing public higher education. Today, the public trust is not simply something to be protected through rules and regulations, it is something to be earned through unfettered responsiveness and efficient service.

The environment—cultural and operational—that allows a state to be entrepreneurial in its approach to higher education can be fostered by allowing for the flexibility it needs to function more efficiently with respect to the governing boards responsible for the institution or system of higher education's performance, operating policies, and structure. Achieving this new relationship requires that most current areas of direct oversight by the legislative and executive branches of state government—along with authority, responsibility, and accountability—be delegated to the governing boards, and, where applicable, to a state's coordinating board for higher education. The legislative and the executive branches should specify the desired educational services and the number of students to be served in exchange for an allocation of

state resources. The governing boards would then define how the state-allocated resources, along with college and university-generated resources, would be utilized to meet or exceed the measurable performance expectations agreed to with the state. With regulatory inefficiencies reduced, this new—or renewed—relationship would result in higher levels of service than would otherwise have been possible.

An entrepreneurial approach to the continuum of educational opportunities requires a college or university organization that changes both at its center and in its parts. Greater delegation of legislative and executive oversight implies additional responsibilities and opportunities for the individual or system governing boards or state coordinating body. At the same time, it invites more delegation of operating decisions to campuses. In such an orientation, governing and coordinating bodies do not merely coordinate the activities of autonomous institutions; the governing boards are responsible for ensuring that state needs are met in an integrated fashion. Several current roles and responsibilities take on added importance and require leadership:

- Planning for and monitoring the continuum to assure that all elements are balanced and provided through appropriate institutional and interinstitutional programs and through partnerships with other public and private entities;
- Overseeing of programs and initiatives to assure that the entrepreneurial endeavors of institutions are fulfilling the public intent for higher education.

In this scenario, authority and responsibility will also expand among the entities that comprise a state's system of higher education:

- Institutions will have increased latitude to develop programs and partnerships that respond to needs they have identified, linking both programs and charges to market considerations.
- Institutions will be given increased responsibility for the many processes and procedures that do not directly relate to academic processes so that they may seek the solutions most efficient in their circumstances.
- Faculties will have additional responsibility and opportunity to develop and employ pedagogies that acknowledge a new role, incorporate emerging technologies, and that effectively recognize and serve student needs; faculty commitment, development, and success in these matters are central to any state's success in its higher education enterprise.
- Students will have increased responsibility for their own learning, as the roles of professor and student evolve toward "mastery learning."

Public Trust

Accountability may be a hot topic in the higher education community, but it is not the responsibility of colleges and universities alone. Just as in the corporate world, investors want assurances that publicly traded companies are ethically and financially sound, and donors are increasingly demanding to see measurable results. Similarly, in the higher education world, assurance demands are being voiced by students, parents, grant agencies, donors, alumni, business leaders, and other stakeholders, most notably state elected officials. As a result, higher education needs to think about how it operates and to enact strategies, including communication flow, for earning and maintaining the public trust.

There are at least three components to accountability—financial and regulatory compliance, stewardship, and trust. To establish accountability across higher education, every institution

and every department must both comply with the rules and regulations—standards—and demonstrate to stakeholders that they have in place the systems and oversight needed to effectively and efficiently manage the funds provided to them for the purposes that they were provided.

Without the trust of the public, the autonomy of higher education might be reduced, as well as its funding. Taking the necessary steps—whether through policy leadership or because forced to do so—to make higher education’s processes more effective and its activities more transparent has considerable merit. Such accountability is both good stewardship and good for the financial bottom line.

Just as higher education is a public trust, public office is a trust as well. Both arenas of our society need to safeguard public confidence in the integrity of government and higher education itself by avoiding appearances of impropriety and conduct unbefitting public officials. Decisions should be made on the merits of the case, free from partiality, prejudice, or conflicts of interest. Policy and decision making should be conducted openly, efficiently, equitably, and honorably so that the public can make informed judgments and hold public officials—those considered to have the power—accountable.

Data-Driven Decision Making

In the new climate of accountability and data-driven decision making, data-use tools and resources need to be readily available for policy makers, educational leaders, and those that support them.

The gathering of pertinent data and information is to enable higher education to make quick responses to the demands of the state goals as well as the global economy. It is true that there has been a shortage of accurate information about post-secondary education in most every state. Initiatives undertaken are therefore intended to serve useful purposes in local contexts. A state’s accountability system, whether developed through consensus building processes or by legislative mandate, reflects an effort to interpret key aspects of information gathered, analyzed, and publicly disseminated to inform policy makers, decision makers, and the public as public policy is developed or modified to address the policy goals of a given state.

When states gather and use in-depth information about how their system of higher education is performing, and what results the states’ policies, strategies, and resources are (or are not) producing as they relate to state goals, they are engaging in data-driven decision making.

A state framework for data-driven decision making entails four kinds of activities:

- *Mining data:* Collecting and managing relevant information on performance and school characteristics;
- *Analyzing data:* Evaluating the data to create knowledge through comparisons, relationships, patterns, and trends;
- *Communicating data:* Making sense of the data for educators, parents, community members, and policymakers;
- *Using data:* Maximizing the role of data in school improvement planning.

When policy makers—legislatures and governors—make decisions based on data, they do so using information that hopefully has been gathered regularly in a systematic, thoughtful way to form plans for future actions or to modify current practices.

But what useful data and information do we have on which to base major state policy on higher education decisions—decisions about policies involving funding and finance, tuition and fees, student aid, capacity to accommodate enrollments, and which policies and programs to keep and which programs to change?

The most readily accessible information that some states have is most likely a report based on aggregate institutional data that compares “inputs”—or the data that indicates enrollments, funding allocated, and other similar “front-end” data—rather than “outputs”—data that relates to state goals, with a focus on performance and areas of improvement as well as areas in need of attention.

From a simplistic point of view, a straightforward report of how a state’s higher education system performs from year to year may suffice. But in order to know specifically what policies are in need of attention and what to change or modify, states need the detailed data to do more complex “drill-down” analyses. Only after careful analysis of the details and a comparison of the available options will policy makers be able to make a reasoned decision.

Persuasive data, data that moves a state to take action, comes in two forms: the big picture data and the details that show what, if anything, should be changed. When a state has these data—the details that provide a complete picture—states and their higher education system are more likely to have the impetus and means to do something productive, something that benefits the college or university and their students. It should also be pointed out that sometimes a reasonable decision is a conscious one to do nothing.

Getting information about an issue from a simple report or seeing it at a basic level is the first stage of learning about an issue and decision making. But action or deeper understanding most often requires some level of analysis and more sophisticated tools and techniques.

Educational decision making to improve achievement is challenging because the variables are often fuzzy, missing, or unmatched with those we want to compare. And, the analysis necessary to provide the most useful information is difficult. Fortunately, there are tools available to help, but there is still a lot of work to do to get it done. Even then, states often come away with merely a better sense of informed intuition about what to do.

Using data is a process that begins with the conceptualization of what it is you want to do and why you want to do it. In essence, this requires asking the right questions. Essentially, each state should try to articulate and document answers to questions like the following:

- Why do you need to collect data? What is the purpose of data collection?
- What questions are you seeking answers to?
- What information is necessary for answering these questions?
- What method is best to collect this information without investing too much time on behalf of participants?
- Who should participate? Which variety of voices should be heard? When should you gather information from students, parents, and other community members?

- What questions did other schools or districts attempt to answer?
- What other research can you do to improve the quality of questions?

THE CHALLENGE

Accompanying the scrutiny of tax-supported public expenditures, including public higher education, has been greater attention to “outcomes,” “performance,” and “return on investment,” among other issues. Much of this scrutiny has resulted in closer public monitoring of institutions, particularly by elected officials, with the price to pay that academia’s autonomy from government has been reduced.

This “price”—by whatever name—results in increased micromanagement by legislators and governors, often motivated by anecdotes from constituents or political posturing. Despite calls for data-driven decisions based on sound analysis and recommendations, such efforts are either bypassed or ignored for purposes of political expediency or unenlightened self-interest.

Most discussions related to accountability in higher education in recent years circle around a number of broad themes. These themes are closely linked to historical areas of continuing public interest, higher education purpose, and fiscal investment in higher education:

Accessibility. Working to increase accessibility to higher education and training programs to promote a smooth transition from secondary to post-secondary training and from post-secondary training into the labor market is important. The state, through its colleges and universities, plays a key role in reducing barriers to access and improving retention and completion rates for students.

Since access is such a significant concern to many stakeholders, it is essential that all understand its importance and its various components. Concerns include, but are not limited to, that students both young and old and students from hitherto educationally disenfranchised groups have access to higher education; that those able to take advantage of the educational opportunity provided by the various components of the state’s higher education system be provided access; and that those who are outside the conventional patterns of education also be given access.

Access to higher education typically symbolizes a state’s deep, idealistic belief in opportunity. In many states, access has historically been equated with geography, with proximity to a campus. In more recent years, access has come to relate more to admission policies, the opportunity to attend a college or university of choice. While the relevance of both views is important, they also confuse most discussions on policy issues, particularly as the discussion relates to accessibility as being one of the cornerstones of educational opportunity. Rather than address the full ramifications of access and its components, most policy discussions are limited to “getting in to college” and don’t address the other components of accessibility.

Geography, programs, student convenience, ability to pay, and ability to benefit are all aspects of access that must be examined and tested for each state. There may be others, but these are essential components of any policy discussion about accessibility to higher education.

- *Geographic Access.* For many, proximity to higher education—the need and opportunity to go to college close to home, for reasons related to interest, work, raising children, helping at home, age, or convenience—is an important issue. Unfortunately, discussions that focus on

geographic access often do not consider whether the colleges or universities in close proximity to one's home also have programs that are relevant to present or future local or regional needs—or to the needs of students themselves.

- *Access to Programs.* Most states do not have the ability to provide the same kinds of programs and services everywhere, nor should they be expected to do so. The desire to reduce or contain duplication of effort, particularly for high-cost programs, is a subject of debate and policy directives, and usually results in one or two institutions offering such programs in a state. A related aspect of program accessibility is sometimes provided via articulation and transfer programs, particularly in states where community colleges are a *force de rigueur* and serve as the primary entry point for educational opportunity. Here again, the lack of an articulation agreement between community colleges and so-called four-year institutions or, as in the case of some states, a program-to-program articulation agreement, leads to great inequities of access to programs.
- *Access at Convenient Times.* Single parents, workers seeking retraining, employed traditional-age students, and adults who are returning to or starting a college education need to have access to programs at convenient times and places. This may be one of the more neglected aspects of access, particularly as it relates to for-credit courses, state supported programs, and those programs which are needed for the so-called non-traditional students—who are increasingly the neo-traditional students. Geographic accessibility means that most if not all classes are provided at times and places where they are realistically needed.
- *Access through Ability to Pay.* While the cost of education for learners has increased substantially in most states (in California it will have increased for the University of California and California State University students over 75% in a four (4) year period), the increases are not being met with corresponding growth in state-funded financial aid budgets. Additionally, the increase in student loans but not grants places a financial burden on students that often takes years to pay off. And, while there has been and will continue to be a growth in the market for higher education, there has been a movement toward moving programs to the self-support side of the academic balance sheet rather than to the state-supported side. All of this places a financial burden on both students and their families that previous generations did not have to face to such an extent.
- *Access and the Ability to Benefit.* The mismatch between student preparation and talent and college programs is a recipe for disaster. Access to college may be self-defeating for students who are poorly prepared or who are not well-advised about their choice of a college or university program. The door to educational opportunity could turn out to be a revolving door. Access without success leads to frustration and unnecessary costs—for students, higher education providers, and ultimately for the public.

Affordability. In most states, the higher education system is charged with the responsibility of enabling students to complete educational programs in a timely and cost-efficient manner. Here is the most direct overlap between the issue of access and of the "cost" that is increasingly scrutinized and a source of concern and, in some cases, outrage. For a state, "cost" normally includes both student expenses and government expenses. An ongoing concern in the public's mind relates to whether or not parents will be able to afford a college or university education by the time their sons and daughters are fully prepared for admission. Within the last few years there has been considerable consternation about what is happening in the areas of tuition and

fees, the availability of financial aid as well as how it has been structured, and the fact that the cost increases have outpaced the economy.

Relevance and Quality. While these are separate themes, they are often seen as one and the same, mostly because providing educational opportunities that are relevant to people's employment needs is the "quality" many wish to see implemented. Business and industry want individuals to be able to read and write and to have the necessary skills to engage successfully in the workplace, while many graduates want to be able to "get a job." From a state's perspective, relevance and quality both impact efforts to strengthen its position in the global economy and to provide economic security for individuals and communities.

Accountability. The impetus for transparency and accountability comes from revelations of a myriad of fiscal, operational, and program "scandals." At the same time, costs to students are rising at unprecedented rates and there are growing concerns about what happens to students upon the completion of their programs of study. In most states, initiatives are underway to improve identification and measurement of performance and educational outputs, including the development or refinement of performance indicators and institutional efforts to communicate with the public. Yet a statewide perspective is often missing on how a state's higher education system is performing and meeting the needs of the state.

CONCLUSIONS

Perhaps the most pressing challenge facing policy makers, educational leaders, and all stakeholders is whether there is a strong will and a sense of urgency—in state legislatures, in the governors' offices, and among the public—to accept, support, implement, and sustain actions and policies needed to resolve the issues each state faces and to grasp new opportunities as they arise. With respect to higher education, some states have done so but many have not. To succeed, there is a need for a "full court press" from all stakeholders, a concerted and united call for action from the business community in particular as well as from the public. The challenge is to put aside differences and self-serving interests in order to act in the public interest.

This report and its recommendations will have its share of naysayers and those that disagree. Some may think that some particular area did not receive adequate treatment. This is understandable—and inevitable—but it should not prevent a state from supporting the creation of a comprehensive and coordinated state higher education accountability system.

There has been, and still is, a tremendous national focus—indeed, an international focus—on the issues of accountability and public trust. States that have so far done little or nothing must not lose sight of these issues and should take advantage of the momentum that prevails. Policy makers and educational leaders in particular are provided with a golden opportunity to really focus a state's attention on the myriad issues facing a state's higher education system and to implement a state higher education accountability policy that articulates state goals, provides adequate resources, and demands increased performance and student learning with regard to the state's specific goals, while providing an objective assessment of the higher education culture and identifying its special strengths and vulnerabilities.

For such outcomes to occur, for a state system of higher education to be a high performing organization, help will be needed from everyone—policy makers, educational leaders, governing

boards, state agencies, the business community, the public, and other stakeholders—to encourage their follow-through and persuasive involvement in the implementation process.

RECOMMENDATIONS

Historically, there has been an idealized view of the role of higher education in American society. It has been envisioned as a community of scholars working with eager students, all devoted to the pursuit of truth, the discovery of new knowledge, and the enhancement of individual and state or national well-being—a vision that was never completely accurate. Yet it had sufficient credibility not only to define colleges and universities but also to serve as a vehicle for the public's trust and a sufficient claim on public and private resources. Currently, however, even the most detached educational leader or policy maker cannot escape the fact that the special social contract between higher education and the public has been eroded in recent years. To some extent, amidst criticism for various deficiencies and shortcomings of purpose, the erosion of public confidence reflects a nagging mistrust of all major societal institutions.

In addition to resolving the issues in need of critical attention in many states—creating a policy framework, requiring a cultural shift, focusing on public trust, and using data to drive decision making—policy makers and educational leaders need to replenish the public's goodwill and confidence in higher education. For these important stakeholders, the following recommendations are pertinent.

State Government

To fulfill the obligations and commitments of state government, policymakers must also be accountable for providing higher education with the funding, legislation, and policies necessary to fulfill both whatever the government requires from the system and the rights articulated in the institutional charter from the state, whether in the state constitution or through legislation.

By clearly and precisely articulating public expectations of postsecondary education, policymakers can better seek to:

- state the desired outcomes of higher education in a way that can be understood and implemented as policy and practice appropriate to each sector of higher education, by institutions or systems, government, learners, and other stakeholders;
- supply a framework for accountability for government, institutions, and other stakeholders;
- provide a basis for discussion and concerted action at a state-wide level.

Over time, cooperation and collaboration among jurisdictions and with stakeholders will add depth and substance to the expectations, while bringing fresh commitment and creativity to higher education.

Higher Education

Higher education institutions need to be good stewards of the financial resources provided to them. As the recipients of large amounts of public funding and private investment, higher education institutions are accountable to their respective stakeholders. Their policies and actions need to be transparent and open to public scrutiny.

The first step in narrowing the gap between higher education, government, and the public is to cultivate relationships based on trust, reciprocity, and common interests. These relationships should be ongoing, not the sort called upon only in moments of need or crisis. They should also operate at various levels and involve a diversity of stakeholders to insure that they survive as leaders and elected officials rotate in and out of office. Educational leaders also need to make a concerted effort to engage policymakers in a conversation about higher education's broader public purposes and to continually put forward fresh research and policy proposals that serve and challenge society.

Everyone in higher education should recognize that communication is key and information is key to communication. Partnerships of any kind depend on communication. As a result, meaningful engagement depends on both formal and informal communications regarding priorities and issues being addressed, as well as monitoring progress—identifying both successes and failures and determining the effectiveness of processes being used.

While informal communication is critical, it is easy to forget the importance of structured communication, especially when the informal channels are working well. It is very useful to devise some key indicators and track progress over time. This serves to remind all parties concerned of the goals being pursued and the size of the task still remaining.

This admonition about the importance of communication—especially communication about priorities, the action agenda, and successes and failures—applies not only to community/university interactions, but to communications within the institution as well.

The Public

Stakeholders—particularly the public—should expect quality in all aspects of a state's higher education system; require current and future generations not only to be educated and trained for vocations and professions but also to be educated to appreciate and understand the cultural, scientific, and social environments in which they will live, work, and compete; and advocate for and support effective, efficient, and timely stewardship by policy makers and educational leaders of the public's interest in the state's higher education system.

As part of the social contract between the public and higher education, the public must not only hold policy makers and educational leaders accountable for the expectations that they have for the performance of a state's colleges and universities but also advocate for the system as a whole to contribute to the common good of society through the production, acquisition, and application of knowledge, the building of human capacity, and the provision of lifelong learning opportunities.

The principle of institutional autonomy is inextricably linked to the demands of public accountability. The latter implies that higher education—as well as government—is answerable for the actions and decisions not only to their own governing bodies and their own “community” but also to the broader society. It requires that institutions receiving public funds be able to report how, and how well, money has been spent. It requires that institutions demonstrate the results they achieve with the resources at their disposal. And, it requires that institutions demonstrate how they have met state and institutional policy goals and priorities.

Not measuring the “unmeasurable” is an excuse for maintaining the status quo. The public should become more knowledgeable and informed while seeking an appropriate balance

between institutional autonomy and public accountability through procedures that are simple, transparent, flexible, and fair.

A Public Agenda and State-Level Accountability

Most state accountability regimens are focused too much on the performance of individual institutions and too little on the achievement of state goals.³²

OVERVIEW

There is a delicate balance in higher education and public policy when it comes to translating policy intent into legislation. This is particularly true as it applies to efforts to “institutionalize” state accountability systems, which is more often seen as an effort by lawmakers to focus on institutional performance rather than critical state issues. Thus tensions rise as educational leaders support increased transparency in their efforts while resisting efforts of legislators to intrude on historic and valued principles and institutional missions.

An added issue associated with accountability systems in some states is a lack of articulated statewide educational outcomes—a state public agenda—which impedes successful development and implementation of a policy framework and/or legislation.

This paper focuses on proposed legislation that assumes that clear and definable state policy goals for higher education have been developed and articulated in concert with educational leaders and other stakeholders. One of the most significant shortcomings of most state accountability systems is that they do not include the state’s side of the equation, even though it is called a “partnership,” “compact,” “social contract,” or some other name. As many state institutions of higher education have experienced over time, a significant reduction in state funding may reduce the effectiveness of colleges and universities in making significant progress toward achieving their goals. A thoughtful and meaningful system of accountability should make it possible for internal and external stakeholders to evaluate the performance of both parties in terms of the historic social contract between the state and its higher education system.

An additional underlying assumption is that the performance of both individual campuses and systems is important and serves to inform not only the individual entity but also contribute to the information needed and desired by policymakers. Nancy Shulock outlines the responsibilities of an accountability system thus:

A State accountability system should be designed to focus on state-level goals such as accommodating enrollment demand, making college affordable, easing transitions from two-year to four-year institutions, and producing an educated citizenry and workforce to meet state needs. Monitoring the performance of individual colleges and universities is a very different kind of activity that is the responsibility of institutional governing boards. The state has an interest in ensuring that institutional goals are aligned with state goals, but should not regularly engage in direct monitoring of institutional effectiveness.³³

³² Nancy Shulock, “A Fundamentally New Approach to Accountability: Putting State Policy First,” Institute for Higher Education, Leadership & Policy, California State University, Sacramento, October 2003.

³³ Shulock, “New Approach to Accountability,” 5.

Information about performance and student learning is best handled by individual campuses and systems, while what is needed at the state level is a focus on state-level concerns. The State should ascertain and monitor how well the state's higher education system in its entirety—including public, private, independent, and proprietary institutions—is collectively addressing state goals, i.e., the State Public Agenda.

INTRODUCTION

The strength of a state's economy, the quality of its workforce, the vitality of its communities, and the productivity and well-being of its citizens depend on an education system that provides residents of all ages with the knowledge and skills needed to live, learn, and work in a continuously changing world. A strong, vital, and trusted system of higher education is essential for the continuing development of a state.

A challenge for many states is to determine how higher education can best meet the needs of its citizens within available resources. Stakeholders must recognize and support the many strengths of their colleges and universities, while simultaneously encouraging them to implement new strategies that promote continuous improvement. At the same time it is equally important for higher education to assure the general public, policymakers, and other stakeholders that they are:

- investing public support wisely,
- continually improving their programs and operations, and
- providing information to assist parents, students, employers, and other consumers in making appropriate choices about post-secondary options.

According to a House report on what it calls the “crisis” of college costs,

Higher education has a dual accountability. A part of that accountability is, of course, to itself. The other dimension of that accountability is to the public. An intrinsic goal of higher education is to ensure coherence between these two dimensions of accountability.

Legal authority for higher education is vested in each individual state. Institutions of higher education and states find themselves facing the same dilemma: constraints on resources coupled with increasing demands for public accountability. A goal shared by states and their institutions of higher learning is the desire to answer accountability demands in a responsible manner. Recent history provides reminders that educational accountability may sometimes be conceived within an ideology predicated upon production and political expediency, resulting in an orientation toward conformity, passivity, and diminished creativity. The resolution of this dilemma is to focus the concept of accountability on basic values, high standards, and the social contract that exists between higher education and the public trust.³⁴

³⁴ John A. Boehner and Howard P. McKeon. “The College Cost Crisis.” September 4, 2003. <<http://edworkforce.house.gov/issues/108th/education/highereducation/CollegeCostCrisisReport.pdf>>.

While ensuring responsible stewardship for taxpayers, it is also important that a state have an objective, politically independent body able to serve as a vehicle to provide advice to the state, higher education, and the public on policies and processes. Such an independent body facilitates achievement of the state's objectives for postsecondary education and students' objectives to move seamlessly and without unnecessary loss of credit from one sector of the system to the other.

Such an entity—an independent body—should collect the necessary data as well as analyze it, provide trend lines, identify not only the successful achievement of the state's public agenda for higher education but also any gaps that require attention, and put forward policy recommendations to address them in a timely and meaningful way. Inherent in such a body—be it a state governing body, policy board, or coordinating body—is a fundamental responsibility to communicate and support a vision for a collaborative, cooperative, and coordinated system of higher education in the state.

Absent a strong, independent body, be it a regulatory or coordinating agency, a policy board, or a governing board, the state's colleges and universities must assure elected leaders and the public that they are responsible stewards of the public's money and can deliver quality education at an affordable price. They must demonstrate that they are accountable and responsible. In all states, higher education autonomy and accountability are interrelated.

As Shulock states, in drawing attention to the importance of a functional entity in her state of California, "a strong, competent, and independent coordinating agency is needed to develop, maintain, and provide stewardship for the accountability system."³⁵

PRINCIPLES GUIDING STATE-LEVEL HIGHER EDUCATION ACCOUNTABILITY

Accountability, in its broadest sense, should motivate and influence a state's higher education system to fulfill its goals and objectives. This assumes, however, that a state has clearly articulated goals for its colleges and universities and intends to provide the resources to enable the higher education system to accomplish the goals. The State of Washington, in advancing its need for an accountability system that "should provide information on the value of public investment in higher education," provides a working definition for state-level accountability:

Accountability should provide students, legislators, leaders of educational institutions, business leaders, and others interested in higher education with accurate, consistent information on system-wide progress toward state goals in higher education, including details that support policy development.³⁶

A state accountability system with a focus on state goals reflects a commitment to a process of accountability that provides ongoing feedback guiding the continuous improvement of the higher education system in meeting these state goals. It is important that such an effort, and the feedback system that supports it, should be structured to remove barriers and create incentives for equitable access, high quality, and efficiency.

³⁵ Shulock, "New Approach to Accountability," 13.

³⁶ Washington Higher Education Coordinating Board, "A New Approach to Higher Education Accountability in Washington," March 2004, 2.

As a part of this larger goal, and in order to provide useful reports of performance as they relate to the state's public agenda, certain principles consistent with the focus on state-level accountability should be considered. In New Mexico, for example, the following principles underpin the state-level public higher education accountability policy:

- State-level accountability planning should recognize the differentiated capacities and responsibilities of the respective institutions so that each can focus upon innovations appropriate to its students. Accountability initiatives should avoid simplistic, uniform methods for evaluating institutional performance. The Commission anticipates that it should be possible to identify some uniform indicators of institutional performance, at least for subsets of institutions with comparable missions. But the Commission also recognizes the value of utilizing indicators that have been developed by a particular institution, appropriate to its operations and most likely to be used by that institution to advance its improvement.
- A state-level accountability program should be structured so as to support and benefit from the student outcomes assessment requirements of the North Central Association of Colleges and Schools, the regional accreditation body serving New Mexico. To the extent possible, information gathered to meet NCA requirements should also be used to meet state-level accountability needs.
- A state-level accountability initiative should also encourage and support specialized accreditation or certification of particular programs. Not all areas of study have access to specialized, programmatic accreditation or certification but they are also valuable indicators of institutional performance. Institutions should be assisted in engaging in specialized accreditation or certification reviews and the results of those efforts should be recognized in state accountability reports.
- Any state-level accountability effort should define issues and establish general performance standards and reporting expectations, covering the range of programs and operations that influence the delivery and impact of higher education. However, the particular measures of performance adopted within the accountability program can be expected to evolve as issues shift and institutional performance improves.³⁷

A state-oriented accountability system is intended to look at the state's higher education system as a whole and ascertain areas of progress and areas of concern requiring attention—on the part of the educational establishment as well as policy makers. It is recognized that there are differing perspectives on what data and key performance indicators should be provided to the “state,” what should remain within the higher education “system,” and what is primarily an “institutional” matter. The perspective of this paper is that in a highly decentralized state, an accountability system designed to provide the state with information should focus its attention primarily on the provision of statewide performance related to articulated state goals.

It should also be understood that in order for policymakers and other stakeholders to be more fully informed, contextual information and data can be especially useful if it is updated annually. Many researchers and practitioners, as well as policymakers, find the following contextual information about a state's higher education system to be helpful:

³⁷ New Mexico Commission on Higher Education, <<http://hed.state.nm.us/reports/acctpol.asp>>.

- data on a state's demographics, often broken down by region;
- state economic data;
- state funding per full-time equivalent student;
- overall enrollment and changes therein;
- specific programs intended to increase participation, retention, and graduation rates;
- high school eligibility rates;
- information on affordability of attending higher education; and
- high school test scores.

A STATE PUBLIC AGENDA

Within this paper as elsewhere, reference is made to the importance of a Public Agenda for states and their vision and expectations for higher education. Dennis Jones, of the National Center for Higher Education Management Systems (NCHEMS), has been a pioneer in working with several states in their efforts to identify or develop a Public Agenda. He has been a strong advocate for its critical importance not only in an accountability system but also, and perhaps more importantly, as it sets out a framework or template for a state's expectations for the role and responsibilities of higher education and its stakeholders.

Although the budget is the primary tool most states use to leverage change, it is not the only, nor necessarily the most effective, one. Efforts by states to assess systemwide and institutional performance and efforts by institutions to evaluate their own outcomes can be enhanced if such assessments occur with an eye to the future and within the broad context of state needs and priorities. It is important for states to ask, What is the public agenda for higher education, and how is it determined? Richard Novak, of the New Jersey Association of State Colleges and Universities, provides this answer:

The public agenda for higher education defines the public purposes that should be served by public and private institutions—individually and collectively. It seeks a greater alignment between the aspirations and resources of institutions with the needs and resources of the State, resulting in a “compact” between state government and higher education on a whole host of desired outcomes. Ideally, a public agenda is a joint endeavor and the result of negotiation between key leaders—the governor, legislature, key civic and business leaders, and presidents and trustees of a state's higher education system—with an eventual vetting with the broader public. Moreover, its time frame and concern is well beyond the immediate budget cycle—it considers issues not only of today, but those of 10 and 20 years from now.

Few states undertake such an endeavor to create a public agenda for higher education. It is time consuming. It flies in the face of term limits. It is intended to be non-political or at least bi-partisan. It calls for vision and long term outcomes more often than a one or two year immediate gratification. It involves, and hopefully engages, more than higher education representatives intent on protecting or advancing their turf. It is intended to aim high, to advance big goals, ones that can also present problems, especially in today's world that demands

immediate, measurable results and often insists on organizational and personal accountability.³⁸

The more common approach is the development of statewide master plans or planning processes heavily dominated by institutional viewpoints, and a lesser focus on state needs and priorities.

Aims C. McGuinness, of the National Center for Higher Education Management Systems (NCHEMS), in summarizing the most common policy tools and how they have changed in the past decade, had this to say about planning in higher education and policy leadership:

Many states undertake statewide master planning or strategic planning, including examining the long-range state postsecondary education needs, establishing state goals and objectives, evaluating the resources of all institutions (often both public and private) as parts of a larger system, and recommending public policy priorities.

Since the mid-1980s, this planning function has changed significantly. Governors and state legislators increasingly have expected state boards to play a more distinct and visible policy leadership role in setting a public policy agenda linking postsecondary education to public priorities. The trend is for states to move away from producing one-time documents called "master" or "long-range" plans toward a more strategic or "adaptive" approach to providing direction for the state's postsecondary education enterprise. The change is away from static, "rational planning" models to a more strategic, market-oriented approach to policy leadership. The new tasks include:

- Developing a "public agenda" of priority issues to be addressed by the state system of postsecondary education on behalf of the citizens of the state
- Building consensus around these issues with the public and the state's political and education leaders
- Taking steps to ensure the coordinated use of policy tools in a manner that promotes rather than hinders the pursuit of priority objectives.

With the release of the national report card, *Measuring Up 2000*, states are increasingly shaping public agendas defined in terms of improving the performance of the education system as a whole (e.g., P-16 initiatives cutting across primary education through graduate education and lifelong learning). Rather than being aimed only at the internal priorities of the postsecondary system, these agendas reflect the aspirations and priorities of the general public and of corporate, civic and political leaders.

States employ a variety of structural means to carry out the planning and policy leadership function ranging from assigning the responsibility to formal state structures (e.g., state postsecondary education boards) to establishing special

³⁸ Richard J. Novak and the New Jersey Association of State Colleges and Universities, "Creating a Public Agenda: Accountability and the New Jersey State Colleges and Universities," n.d., 12.

task forces or blue-ribbon commissions linked directly to the governor or state legislature.³⁹

Generally speaking, each state across the country has a Public Agenda in which:

- Higher education plays a leadership role in the state by increasing jobs, economic opportunities, and the quality of life for the people of the state;
- Individual colleges and universities have an institutional agenda: to teach, to offer outstanding academic programs, and to provide students the maximum opportunity to be successful, as well as to engage in research according to its institutional mission, to advance the frontiers of knowledge and its application to society's needs, and to improve their public services, e.g., agriculture, extended learning, health care, and technology transfer in local communities and regions of the state;
- Colleges and universities have a stewardship agenda which requires them to ensure efficiency and accountability to those who entrust them with their resources—students, donors, and taxpayers.

Colleges and universities meet public purposes (and serve stakeholders) every day by providing educational opportunity, graduating students, preparing teachers, conducting research, and spurring economic growth. But in the absence of a defined Public Agenda, little or no clarity of state goals or expectations exists, coordinating or governing bodies are weak, and state issues are often neglected because decisions are made on a piecemeal basis.

Issues that should be defined in a Public Agenda include:

- implementing decisions regarding population and enrollment growth;
- defining workforce needs for a changing state economy that will be based on literacy, knowledge, and information;
- serving the needs of historically underserved populations;
- reviving the inner cities;
- strengthening K-12 education;
- ensuring an adequate number of well-prepared teachers;
- developing strategies to link university research more closely to the needs of new start-up as well as existing businesses; and
- devising strategies to target university policy research in a timely and useful manner to address specific state concerns.

Other important issues concerning the educational pipeline should be included in this public agenda as well, such as:

- the literacy rate in the state and specific areas where needs are concentrated;
- the condition of children in the state, whether the state ranks favorably in comparison to other states, and what disparities exist among counties and cities that programs of higher education could address.

³⁹ Aims C. McGuinness, "State Policy and Policy Leadership," in Education Commission of the States – Policy Brief: Governance, December 2001, <<http://www.ecs.org/clearinghouse/31/61/3161.htm>>.

Most importantly, there is a need for states and their colleges and universities to agree upon a Public Agenda for higher education—an agenda that is focused on state needs and priorities, not only those of today, but those projected for the future. It is from the Public Agenda that a complete process of accountability and institutional responsiveness can be developed—a partnership between public institutions and the state.

While there are varying perspectives on the importance of a state having a Public Agenda related to its higher education system, there are several reasonable and commonsense factors that have been utilized in the states which have undergone the process of developing a public agenda and have engaged stakeholders in envisioning and strategizing about the state's higher education future.

The State of Washington has perhaps best articulated the factors:

If this [public] agenda is correct, it has to:

1. Be accepted as a long-term agenda, transcending terms of office, political divisions, and institutional loyalties.
2. Engage all providers of postsecondary education in the state—public and private, two- and four-year institutions.
3. Be pursued through conscious alignment of all the available policy tools—policy leadership, finance, accountability, and regulation.
4. Encourage a collaborative approach to addressing problems.
5. Have easily understood benchmarks to gauge progress.⁴⁰

STATE GOALS FOR HIGHER EDUCATION ACCOUNTABILITY

To make progress in achieving the state's vision for a public agenda, the goals for the state's higher education system must be clearly defined. The quality and effectiveness of the higher education enterprise can then be periodically assessed and improved.

Because the state serves as a major funder, steward of public investments, and consumer advocate and guardian, it is important that state goals for higher education reflect the public interest. Several states have adopted a set of goals for their higher education enterprise—some through a process developed in association with its public agenda, others through alternative mechanisms, and still others through legislative mandate. The following states are illustrative of the variety of approaches being undertaken across the nation.

⁴⁰ "A Public Agenda for Higher Education in Washington," <http://www.hecb.wa.gov/research/masterplans/PublicAgendaforHigherEd.pdf>.

Illinois

In July 1998, the Illinois Board of Higher Education (IBHE) began discussions about an agenda for higher education for the coming decade. It was called the “Citizens’ Agenda” because its focus was on the needs of the state’s students and employers, and on the wellbeing of Illinois residents. Through surveys and focus groups, meetings and interviews, reading and listening, what Illinois citizens want from higher education was clarified. The Illinois Public Agenda, known as *The Illinois Commitment*, comprises the following goals:

- Higher education will help Illinois business and industry sustain strong economic growth.
- Higher education will join elementary and secondary education to improve teaching and learning at all levels.
- No Illinois citizen will be denied an opportunity for a college education because of financial need.
- Illinois will increase the number and diversity of citizens completing training and education programs.
- Illinois colleges and universities will hold students to even higher expectations for learning and will be accountable for the quality of academic programs and the assessment of learning.
- Illinois colleges and universities will continually improve productivity, cost effectiveness, and accountability.

The Board differentiated the levels of *Performance Indicators* designed to assess the overall performance of colleges and universities in meeting the six goals of *The Illinois Commitment*. They are as follows:

- *State-level indicators* – pertaining to the performance of Illinois’ system of higher education as a whole;
- *“Common” institutional indicators* – related to the statewide goals for higher education enumerated in The Illinois Commitment;
- *Mission-specific indicators* – pertaining to each institution’s unique role and mission within the overall context of *The Illinois Commitment*.⁴¹

Kentucky

Kentucky’s postsecondary education reform initiative, undertaken in the 1990s and culminating in emergency legislation to advance reform, is widely recognized as one of the most far-reaching, significant state-level higher education reforms in recent years. The Kentucky Postsecondary Education Improvement Act of 1997 (House Bill 1) requires the Kentucky

⁴¹ Illinois Board of Higher Education, “A Citizen’s Agenda for Illinois Higher Education, The Illinois Commitment: Partnerships, Opportunities, and Excellence,” Item #7, 9 February 1999.

Council on Postsecondary Education to review its public agenda every four years. The most recent review began in early 2004 with an analysis of demographic, economic, and educational data from 1997 to 2004. Nine regional forums and a series of meetings with state policy, civic, and business leaders were held to discuss the role of Kentucky's postsecondary education system in addressing the challenges and issues facing the Commonwealth of Kentucky in the coming years.

Kentucky's Public Agenda is expressed in *Five Questions - One Mission: Better Lives for Kentucky's People*. It reflects what the Council learned from concerned, engaged citizens across the state. The new public agenda will guide the work of Kentucky adult and postsecondary education through 2010. The plan emphasizes accountability, degree completion, and affordability and is built around five questions of reform:

1. Are more Kentuckians ready for postsecondary education?
2. Is Kentucky postsecondary education affordable for its citizens?
3. Do more Kentuckians have certificates and degrees?
4. Are college graduates prepared for life and work in Kentucky?
5. Are Kentucky's people, communities, and economy benefiting?⁴²

New Mexico

During the 1999 legislative session, New Mexico enacted *Senate Joint Memorial 11* requesting the Commission and higher education institutions to cooperate in adopting and implementing the following goals for a coordinated post-secondary education system:

- Effective and efficient use of the human, financial and physical resources in the delivery of education, services, and research;
- Quality education and training to cultivate a competitive high quality workforce;
- Service to New Mexico through the discovery and sharing of knowledge, research and innovation;
- Teacher education and professional development in partnership with the public school system to achieve the highest quality teaching;
- Accessible and affordable education to fulfill the personal, social, cultural, and economic potential of the state's diverse population; and
- Partnerships among public schools, colleges, universities, and the private sector to promote coordinated educational opportunities appropriate to the global marketplace.⁴³

Texas

The Texas Legislature, in 1987, initiated a landmark policy statement relating to the goals and objectives of its colleges and universities. *The Texas Charter for Public Higher Education* was

⁴² Kentucky Council on Postsecondary Education, "Five Questions: One Mission," September 2005.

⁴³ New Mexico Commission on Higher Education, "Policy for Accountable Post-Secondary Education for New Mexico," <<http://hed.state.nm.us/reports/acctpol.asp>>.

adopted as official state policy by the 70th Legislature. The policy is a formal statement of the goals and priorities for higher education in Texas. It grew out of dialogue and discussion at public hearings held throughout the State of Texas and was developed by the Texas Select Committee on Higher Education.

Considered to be the first policy document of its kind adopted by a state legislature, the Charter continues to be a model of a state's clear public expression of its goals for its institutions of higher education as well as identifying various roles and responsibilities, including the Legislature's, for moving the institutions forward.

The policy statement reaffirms a commitment at the highest levels of state government to improve academic quality and to bring educational opportunity within the reach of every Texan. It is a pledge to achieve greater efficiency and accountability in the management of the public and private campuses. Under the Charter, higher education also became an active partner in ambitious new programs to advance research leading to a diversified state economy. Here again, higher education is seen as inextricably linked to economic vitality in a state.

A House Concurrent Resolution was the vehicle for adopting the *Texas Charter for Public Higher Education* as state policy for enhancing quality and guiding the effective and efficient allocation of public resources for Texas higher education. Of particular note is the language contained in the Preamble recognizing the role played by colleges and universities in the state.

Preamble

We believe that higher education is vital to human advancement and that support for higher education reveals a society's commitment to progress. An investment in education is an investment in this State's future development and prosperity. By exploring the frontiers of knowledge, higher education produces new ideas to meet future challenges.

Recognizing that economic, technological and social changes will increase at exponential rates, the State's continued economic expansion and productivity will require current and future generations of Texans not only to be trained for vocations and professions, but also to be educated to understand the cultural, scientific and social environment in which they will live, work and compete. Thus, the public higher education system of Texas should provide an educational environment conducive to collective excellence and individual achievement.

Whereas Texas traditionally prospered through the hard work of its citizens and the development of bountiful natural resources, the State's future prosperity will depend more extensively upon economic diversification and the cultivation of its human resources through education. Therefore, we affirm the necessity and importance of all aspects of higher education—vocational and technical training, liberal arts and sciences education, graduate and professional education and training—believing that only all in concert are sufficient to provide the broad educational opportunities the future will demand.⁴⁴

⁴⁴ Texas Higher Education Coordinating Board, "Texas Charter for Higher Education," <<http://www.thecb.state.tx.us/cfbin/ArchFetch.cfm?DocID=81&Format=HTML>>.

Guiding principles and provisions for the future development of higher education in Texas were contained in the Charter. They included the following principles:

- The people of Texas expect quality in all aspects of public higher education: Teaching, Research and Public Service.
- Higher education should be accessible to all those who seek and Qualify for admission.
- Higher education should provide a diversity of quality educational opportunities.
- Support through adequate funding is critical if higher education is to achieve its purpose.
- The people of Texas are entitled to efficient and effective management of higher education.
- The People of Texas are entitled to capable and creative leadership in higher education.

Again, the Charter policy document identified roles and responsibilities associated with the achievement of these goals. The Texas Legislature, particularly, is given a role in carrying out responsibilities pertaining to the public trust:

The Texas Legislature sets broad policy while delegating implementation to appropriate officials. The Legislature has responsibility for financing public higher education. Authorizing funding methods to promote educational quality and demanding effective resource management and accountability are the paramount responsibilities of the Texas Legislature.

In addition to the role and responsibility of the Texas Legislature, the Charter also specifies the parties responsible for the achievement of the State of Texas' goals for its colleges and universities:

Responsibility for achieving these goals rests with the Texas Legislature, the Texas Higher Education Coordinating Board, the institutional governing boards, the system administrations, and the colleges and universities.

Virginia

With the objective of providing meaningful information on the academic quality and operational efficiency of Virginia's public institutions of higher education, the State Council of Higher Education for Virginia (SCHEV) initiated and led the creation of a new accountability tool.

In 1999, SCHEV presented the concept of measures of institutional effectiveness. In 2000, the Governor and the General Assembly agreed that this SCHEV initiative was a good idea and mandated by law the creation of the Reports of Institutional Effectiveness (ROIE) through the Virginia 2000-2002 Appropriation Act (Item 162 #11c).

First published on July 2, 2001, the ROIE were developed to provide evidence of institutional effectiveness—the extent to which institutions accomplish their missions and students achieve their educational goals. In highlighting the institutions' accomplishments and demonstrating progress towards improvement, the reports give students, parents, policy makers, faculty and

staff, employers, and the general public access to important information about each of Virginia's public four-year colleges and universities, Richard Bland College, and the Virginia Community College System.

Though not formally linked to any future funding model for higher education, the reports are intended to provide evidence of the value added by Virginia's colleges and universities to the Commonwealth of Virginia and its educational, economic, civic, and cultural vitality.⁴⁵

The public institutions of higher education in Virginia are expected to meet the following goals:

1. *Access* – Consistent with its institutional mission, provide access to higher education for all citizens throughout the Commonwealth, including underrepresented populations, and in accordance with anticipated demand analysis, meet enrollment projections and degree estimates as agreed upon with the State Council of Higher Education for Virginia. Each such institution shall bear a measure of responsibility for ensuring that the statewide demand for enrollment is met;
2. *Affordability* – Ensure that higher education remains affordable, regardless of individual or family income, and through a periodic assessment, determine the impact of tuition and fee levels net of financial aid on applications, enrollment, and student indebtedness incurred for the payment of tuition and fees;
3. *Academic offerings* – Offer a broad range of undergraduate and, where appropriate, graduate programs consistent with its mission and assess regularly the extent to which the institution's curricula and degree programs address the Commonwealth's need for sufficient graduates in particular shortage areas, including specific academic disciplines, professions, and geographic regions;
4. *Academic Standards* – Ensure that the institution's academic programs and course offerings maintain high academic standards, by undertaking a continuous review and improvement of academic programs, course availability, faculty productivity, and other relevant factors;
5. *Student Progress and Success* – Improve student retention such that students progress from initial enrollment to a timely graduation, and that the number of degrees conferred increases as enrollment increases;
6. *Enhanced Access and Affordability* – Consistent with its institutional mission, develop articulation agreements that have uniform application to all Virginia community colleges and meet appropriate general education and program requirements at the four-year institution, provide additional opportunities for associate degree graduates to be admitted and enrolled, and offer dual enrollment programs in cooperation with high schools;
7. *Economic Development* – Actively contribute to efforts to stimulate the economic development of the Commonwealth and the area in which the

⁴⁵ See State Council for Higher Education in Virginia, "Overview of SCHEV's Reports on Institutional Effectiveness (ROIE's)," <<http://research.schev.edu/roie/?from=reportstats>>.

institution is located, and for those institutions subject to a management agreement, in areas that lag the Commonwealth in terms of income, employment, and other factors;

8. *Research* – Consistent with its institutional mission, increase the level of externally funded research conducted at the institution and facilitate the transfer of technology from university research centers to private sector companies;

9. *Enhancing K12* – Work actively and cooperatively with elementary and secondary school administrators, teachers, and students in public schools and school divisions to improve student achievement, upgrade the knowledge and skills of teachers, and strengthen leadership skills of school administrators.⁴⁶

In the above illustrations, although the states differ in terms of the mechanism by which a state's agenda and goals are established and implemented, there is a commonality of focus and a similarity of goals. Whether the mechanism for a state to advance an accountability system is a regulatory, coordinating, or governing body, *recognizable leadership and collaboration is required among policymakers, business leaders, and other stakeholders*. The bottom line for many states is to close the tragic gap between the rhetoric of seamlessness and performance in the "educational pipeline" and the reality and/or perspective of an underachieving or underperforming educational system. Accountability is seen, in its myriad approaches, as a powerful tool for improvement in closing the gap and provides a vehicle for progress toward state priorities and goals.

CONCLUSIONS AND RECOMMENDATIONS

A state's colleges and universities are central to the health of its economy and of this nation's democracy. If a state and its people are to continue to maintain the public's trust and vision, states must meet the following challenges:

- To recognize and encourage diversity of roles, with the state and its colleges and universities taking pride in their individuality and playing to their different strengths;
- To develop the way a state and its system of higher education use public funding so as to stimulate greater success and higher quality in teaching, research, knowledge transfer, and positive economic and cultural impact on the community;
- To be committed to fair access for students from all backgrounds and service to all communities;
- To be worthy of trust and reliance.

Across the country there are more than 46 states that have some form of accountability mechanisms. Most are basically performance reports of one kind or another. While "accountability" in higher education continues to evolve, states that have failed to heed the alarms or concerns raised by many stakeholder groups do so at the risk of losing credibility and support. States have an uncommon opportunity to direct energies and resources toward creating a more transparent and accountable higher education climate. As they do so, they will build on a remarkably solid foundation of entrepreneurial talent, diverse personnel and human

⁴⁶ State Council for Higher Education in Virginia, "Institutional Performance Standards," 30 September 2005.

resources, and dynamic research institutions. Elected officials, in consort with educational leaders, will need to summon the courage and commitment to adopt policies that will improve a state's competitive position, enhance its advantages, and correct any weaknesses in its higher education system.

While there is never a perfect time to tackle these challenges, there will never be a better time than today. With other states and nations aggressively advancing their higher education sector, failure to act now risks future intellectual and economic vitality. In most states, higher education is the product of public policy and resources are provided to varying degrees. More than likely, whether articulated in a precise statement or scattered among various policy documents, a state's higher education investment is made in pursuit of the following objectives:

- *ensuring quality* – to provide a level of excellence that is competitive on a national and international level, through high quality teaching, scholarship, and learning in a broad range of arts and sciences, technical education, and professional fields;
- *fostering student success* – to enable and encourage students to choose institutions and programs that are best suited for their talents and abilities, and to provide an educational climate that supports students in pursuing their goals and aspirations;
- *promoting democratic values* – to enhance the State's social climate by developing understanding and appreciation of a free and diverse society;
- *maintaining access* – to provide an opportunity for all State citizens, regardless of personal circumstances, to participate in higher education; and
- *enhancing the economy* – to assist the state in being competitive in the world market and to prepare a highly skilled and adaptable workforce that meets the State's opportunities and needs.

It is recognized that all postsecondary segments—public, private, and independent—have distinctive missions within the overall higher education system in the state and a responsibility to cooperate with each other. In the recommendations that follow, an effort is made to incorporate such recognition in the proposed legislation.

The following recommendations are offered for consideration in an effort not only to recognize the inextricable link between a state's (and country's) higher education system and its economic development and vitality, but also to offer some policy recommendations and specific language in the advancement of a state accountability system for higher education.

Recommendation One

There needs to be a match, or balance, between a state's accountability policy and its goals and the means by which performance is assured.

Colleges and universities are instruments of public policy. Funding those instruments is essential to ensure that higher education is able to perform at a level of efficiency and productivity that matches the state's expectations and goals.

Recommendation Two

In states that have no public agenda or strategy, policy leaders—either directly or via an entity charged with the development of a Public Agenda—should actively reach out to legislators, education and business leaders, students, and other stakeholders to identify core issues critical to the short- and long-term future of higher education in the state.

The intent is not only to engage in fact finding and issue development but also to develop policy statements, strategies, and implementation plans that reflect the ideas of all interested parties. The fundamental purpose of the development of a Public Agenda for higher education is to assist in the development of a rational basis for the body politic to advance a vision on issues and opportunities as well as to engage in a collaborative effort to recognize unique and shared responsibilities.

The development of a Public Agenda will enable the State and its educational leaders and other stakeholders to articulate a clear statement of goals and objectives for the state's higher education system, and identify strategies for use in the achievement of those goals and objectives.

Recommendation Three

State policy must not only recognize the differentiated roles and responsibilities of the state and its system of higher education but also the expectations for meeting state goals by state government as well as its colleges and universities.

While there may be varying approaches to the development of a state accountability system, legislation is often the *modus operandi* in many states. In Appendix A, draft legislation is proposed that offers an example of at least one approach a state may want to consider—reflecting not only the goals and objectives of a state accountability system but also expectations for its implementation. While the draft legislation is an illustration (for California, in this case), each state will have its own priorities and mechanisms to consider in order to address the nation-wide emphasis that is being advanced in this paper.

APPENDIX A

DRAFT LEGISLATION

STATE OF CALIFORNIA

THE STATE AND HIGHER EDUCATION COMMITMENT

Background: It is the intent of the State of California to advance and reinforce its historic commitment and “social contract” with its colleges and universities. This California Commitment on Higher Education (CCHE) is intended to provide for the clear articulation of expectations and performance of the State through its elected officials and its higher education system—public, independent, and private—through the governing bodies and by providing timely information to policy makers and the public on State goals and objectives.

This bill would specify the State’s priorities for higher education and establish a statewide accountability system that would assess the progress made by the state’s system of postsecondary education in fulfilling policy goals related to areas of educational opportunity through preparation for collegiate work, accessibility, and student success; achieving efficiency and effectiveness in management and operations; contributing to economic development and public benefit; assuring outstanding quality in programs and services; and meeting state goals while recognizing the differentiated role and missions of each segment of the state’s postsecondary education system.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

WHEREAS, the State of California has found that it is imperative that an increased number of Californians pursue and succeed in education beyond high school; and

WHEREAS, the State has determined that a postsecondary educational experience for Californians is essential for the State to compete in the global economy and to develop a new generation of leaders and active participants in state and local civic affairs; and

WHEREAS, the State has found that it is critical that the rate of postsecondary participation by low-income Californians and those who are currently under-represented be increased at every State institution of higher education; and

WHEREAS, the State has determined that it is appropriate to support programs that are designed to encourage participation in postsecondary education, that increase citizens’ awareness of the value of and need for a postsecondary education, and that make citizens sensitive to the financial support provided by them through the State to students and institutions of higher education; and

WHEREAS, the State should provide for greater flexibility and a more focused accountability for institutions of higher education to its stakeholders and the people of California; and

WHEREAS, the State believes that State goals for higher education must be expressed to enable the State's system of higher education and its component parts to include them within system and/or institutional accountability frameworks assessed and measured while recognizing the role and mission of each institution, and may include, but shall not be limited to:

- (1) improving and maintaining broad access and affordability to post-secondary education;
- (2) fostering economic development and greater productivity;
- (3) improving quality and success in postsecondary education, as well as improving the quality and health of the private sector;
- (4) ensuring that planning, governance, and management practices all serve to maximize the effectiveness of State investments and uphold high quality standards; and
- (5) addressing the needs of the State.

NOW THEREFORE, in consideration of the foregoing and intending to be bound hereby, the California Commitment on Higher Education (CCHE) shall be effective after execution by the Legislature and Governor by no later than July 1, 2006, and shall continue for a period of no less than five years from its effective date; and

Amendments to the legislation may be considered after a minimum of three (3) years and bi-annually thereafter.

FURTHERMORE, this ACT incorporates Addendum A as integral to the people's intent, and includes the following specific expectations on the part of all parties.

a. Performance Goal Achievement. The State's goals are set forth in Addendum A as well as standards and requirements upon which the State has agreed. Each system and/or institutional governing body shall undertake those actions and efforts and implement such initiatives and programs that will enable the system and/or institution to achieve the performance goals set forth in this statute, to achieve those standards set forth for the State and to meet the requirements set forth in the Addendum A.

b. Data Reporting Requirements. The Governing Board of each system and/or institution (as applicable) shall transmit to the State's designated coordinating body all annual reports and data required in this CCHE and any subsequent amendments including those specified in Addendum A, attached hereto, in the form and manner prescribed herein or as required by the designated state agency. All annual reports shall be due no later than June 30th of each year unless another date is otherwise expressly stated herein. The system and/or institutional Governing Board, as applicable, shall submit to the designated State agency an annual certification as to the overall material accuracy and completeness of the data submitted in accordance with the terms set forth herein.

c. Issue Resolution. In the event that a party to this CCHE fails to take those actions agreed upon herein or fails to perform as set forth in this statute, the State's designated agency shall notify both the State—higher education legislative committees, the Assembly Speaker, Senate pro tem, and the Governor—and the higher education governing body and others of the failure to act or perform. The notice shall indicate the nature of the Performance Failure and request that responsive action to correct the Performance Failure be taken within thirty (30) days after notification. If no responsive action is taken or if the Performance Failure is not resolved, the official representatives of the parties shall be called together by the designated State coordinating entity and meet to discuss the resolution of the Performance Failure. If the parties are unable to agree upon a resolution, the Performance Failure shall be reported to the Governor and the Legislature and may be taken into consideration on decisions regarding budget, capital, tuition and fees, financial aid allocations, fee-for-service contracts, and other issues regarding the institutions that come before the State and the designated State coordinating body as well as any other remedies available at law.

ADDENDUM A

Goal #1: Access and Success

WHEREAS, the State has determined that it is a highest priority of the State to ensure widespread access to California's higher education system with particular focus on expanding the number of students who are prepared, apply, and enroll; and increasing retention and successful graduation rates with particular emphasis on increasing the participation and success of all students; and

WHEREAS, the State and its colleges and universities will ensure that postsecondary education is accessible and affordable and continue to emphasize the importance to prepare academically for it in order to increase the college-going and completion of students, especially underserved students, which include low-income and historically under-represented students; and

WHEREAS, the State will work with higher education and the federal government to design efficient and effective financial aid strategies; and

WHEREAS, the State and higher education will work with the State's elementary and secondary education entities to make the preparation of students for postsecondary education and the world of work its highest priority, including a fully articulated and cohesive curriculum and achievement expectations for students; and

WHEREAS, the California Education Round Table will take the lead to coordinate and support K-12, pre-collegiate and college preparation programs.

NOW, THEREFORE, the fulfillment of the specific State Goal Outcomes are as follows:

Section 1: Retention Rates

- 1.1.1 By December 31, 2008, the State's public higher education system shall increase its fall-to-fall retention rate for first-time, full-time freshman from [current benchmark %] to [__%] or 5%.
- 1.1.2 In addition to achieving the goal set forth in subsection 1.1 above, each public governing board shall submit a detailed plan to the State's designated coordinating entity on or before December 31, 2007, setting forth how, by December 31, 2010, the system shall increase its fall-to-fall retention rate for first-time, full-time freshman by 10 percent from its current benchmark rate.
- 1.1.3 Each governing board shall annually submit data to the State's designated coordinating entity on freshman retention and persistence rates.

Section 2: Graduation Rates

- 1.2.1 By December 31, 2008, the State's public colleges and universities shall increase their [2-year degree completion and transfer / 5-year graduation rate] for all students from [current benchmark __%] to [__%] or 5%.

- 1.2.2 In addition to achieving the goal set forth in subsection 2.1 above, each state governing board shall submit a detailed plan to the Coordinating Board on or before December 31, 2007, setting forth how, by December 31, 2011, the system shall increase its [2-year degree completion rate / 5-year graduation rate] for all students by 10 percent.
- 1.2.3 Each governing board shall annually submit data to the State's designated coordinating board on Certificate, Two-Year or Baccalaureate Completion, or Graduation Rates.

Section 3: Underserved Students

- 1.3.1 By August 1, 2007, and annually thereafter, each governing board shall provide data and related information relating to increased enrollment of historically underserved students to the State's designated coordinating board, to include low-income (students who would qualify for a Federal Pell Grant), ethnic, and racial groups.
- 1.3.2 By August 1, 2007, and annually thereafter, each governing board shall submit to the State's designated coordinating board an annual report that details the results of all specific programs—local, state, or federally funded—and additional efforts, if any, to increase enrollment, retention, and graduation of historically underserved students.
- 1.3.3 By August 1, 2007, and annually thereafter, each governing board shall submit data and related information to the State designated coordinating board on the support, success, and issues requiring attention associated with the preparation, enrollment, retention, and graduation of historically underserved students.
- 1.3.4 Each governing board shall ensure that the goals in this section are accomplished without decreasing the quality of education provided or achievement rates of students included herein.

Goal #2: Quality in Undergraduate Education

WHEREAS, the State has determined that it is a highest priority of the State to: (1) improve academic competencies and provide learning experiences that foster the development of skills and abilities that prepare students for the global economy; (2) prepare students for continuing, graduate, or postgraduate professional studies; (3) ensure the transferability of general education courses; and (4) establish critical thinking and logic skills essential to full participation in a democratic society; and

WHEREAS, the State should provide meaningful and user-friendly information on the quality of undergraduate education to consumers about each institution that will drive market decisions by parents, students, and employers; and

WHEREAS, the State should implement a general education core curriculum for students and faculty that ensures consistent quality and the transferability of general education courses.

NOW, THEREFORE, the State and its public higher education system agree as follows:

Section 1: General Education Requirements

- 2.1.1 By January 1, 2007, each public governing board shall adopt general education course requirements that meet the expectations of a faculty developed core curriculum, a fully transferable foundational curriculum that is consistent and meets a statewide guaranteed transfer program for general education adopted and endorsed by each system. The core curriculum must satisfy the general education requirements at all public colleges and universities in the State of California.
- 2.1.2 Beginning in July 1, 2007, each public governing board shall require the completion of the adopted core curriculum by all newly enrolled, first-time students. In addition, the governing board shall:
 - (a) Ensure that all course catalogs and academic transcripts clearly designate courses eligible for statewide guaranteed transfer.
 - (b) Ensure that the public segment certifies on academic transcripts the satisfactory completion of the transferable core curriculum, regardless of whether the academic degree program has been completed or conferred.
 - (c) Ensure that the public segment recognizes and provides full credit for all core courses approved for statewide transfer completed at other California public colleges and universities.
 - (d) Ensure that upon satisfactory completion of the transferable core curriculum at another State college or university, the governing board does not require the completion of additional lower division general education courses by such transfer students.
- 2.1.3 Beginning July 1, 2007, and each year thereafter, each public governing board shall report to the State's designated coordinating body statistics on the demand for and supply of courses at its campus(es) that satisfy the core curriculum.

Section 2: Evaluation and Assessment of Student Learning

- 2.2.1 The governing board of each public segment of higher education shall demonstrate the quality of student learning by providing the data to the state's designated coordinating body on achievement scores on licensure, professional, graduate school admission, and other examinations taken by baccalaureate graduates and/or career and technical graduates employed or continuing their education.

Goal #3: Efficiency of Operations

WHEREAS, the Commission has determined that a highest priority of the State is to provide for the efficient and effective stewardship of resources, be they tuition dollars, state or federal tax dollars, or other sources of funding.

NOW, THEREFORE, the State and its higher education system expect the following outcomes:

Section 1: Costs

- 3.1.1 Each public governing board shall identify mandatory costs and limit tuition and fee revenue requests to no more than those costs. Mandatory costs shall be defined in accordance with agreed-to state policy as advanced by the State's designated coordinating body in consultation with the state's public higher education system and adopted by the Legislature.

- 3.1.2 Each public governing board shall provide information to the State's designated coordinating body, to identify mandatory operational increases, as defined in State Policy pursuant to Section 3.1.1.
- 3.1.3 The State and its public system of higher education agree that tuition differentials and specialized fees are acceptable at the undergraduate and graduate levels as long as they do not exceed the overall revenue limits, and must be requested as decision items through the normal budget process, but may not in aggregate exceed mandatory costs. Initiatives that improve quality and access or address capital needs within a segment need to be justified and will be considered separately as established by the State's designated coordinating body.
- 3.1.4 Each public governing board shall control mandatory costs so that tuition and fee revenue increases do not exceed the State Higher Education Executive Officers (SHEEO) Higher Education Cost Adjustment (HECA) model.
- 3.1.5 Each public governing board will strive to control costs so that mandatory cost increases do not exceed the latest published cost adjustment figure from the SHEEO HECA model, excluding controlled maintenance and capital needs.

Section 2: Capital Assets and Maintenance

- 3.2.1 Beginning with the fiscal year commencing on July 1, 2006, the public governing boards shall allocate within their annual operating budget a minimum of 10% of the current replacement value of its buildings to Deferred Maintenance projects as identified by the governing board's prioritization. Deferred Maintenance shall be defined as corrective repairs or replacement of existing state-owned, general-funded buildings and other physical facilities, including but not limited to utilities and site improvements, which are suitable for retention and use for at least five years, and replacement and repair of the fixed equipment necessary for the operation of such facilities. Each governing board shall spend current operating revenues equal to this amount to address deferred maintenance issues from the list of controlled maintenance projects approved by the State upon the recommendation of the State's designated coordinating body.
- 3.2.2 Each public governing board shall identify in their annual budget request the actual amount spent. Each governing board's compliance with this goal shall be a factor taken into consideration by the State's designated coordinating body and Legislature on all future requests concerning capital construction.

Section 3: Facilities

- 3.3.1 Each public governing board must provide a report to the State's designated coordinating body on the number and type (private or publicly operated) of auxiliary facilities they operate, as such facility is commonly understood within 90 days of this Act's enactment and each year thereafter.
- 3.3.2 Each public governing board shall provide data and related information to the State's designated coordinating body by no later than July 1, 2007, and updated annually thereafter, on all property and facilities owned and/or operated by the segment and its auxiliary organizations, including but not limited to the year of original initiation, square

footage, purpose of facility or property, square footage and percentage of use devoted to instruction, administration, research, support services, athletics, capacity, timeline for repair, modification, or replacement, and other data as developed through collaboration between the State's designated coordinating body and public segments.

- 3.3.3 The State's designated coordinating body shall develop and implement a Facilities Database that will provide an analysis of the State's capacity to accommodate the enrollment of students at the undergraduate and graduate levels, by region of the State, on an annual basis beginning no later than January 1, 2008, and that will be updated annually.

Goal #4: Encourage and Enhance Collaboration

WHEREAS, the State recognizes that in the knowledge economy, high-quality educational opportunities are essential for success—success of the individual and of the economy—and without improvements to our educational system, California is in danger of losing its status as a leader in the global economy; and

WHEREAS, other nations have rapidly increasing rates of college participation and graduation that outpace those in this country and state; and

WHEREAS, it is imperative that systemic collaboration be employed to more effectively and efficiently prepare students for life and the workforce; and

WHEREAS, the entire education system, from preschool through graduate school, must work together and be held accountable for efficiently meeting the needs of students and the State.

NOW, THEREFORE, the People of the State of California expect the following to be accomplished in a timely manner:

- 4.1 The State and its education system, by all means possible, shall encourage and enhance coordination and collaboration between and among all educational institutions in the State, including P-12 schools and associate and baccalaureate degree-granting institutions, to facilitate transition from each educational level to the next, to develop mutually beneficial partnerships, and to improve the quality of teaching and learning at all levels.
- 4.2 The State's public higher education system will (a) align curriculum and expectations across educational sectors, (b) support students in the transition from high school to college, and (c) improve teacher quality and be able to provide demonstrable evidence of significant and substantial progress on all counts beginning by no later than June 30, 2007, and annually thereafter.
- 4.3 The State's designated coordinating body shall, beginning no later than January 1, 2007, collect data and information from each segment of the State's higher education system to report to the Legislature and Governor the educational sectors coordination of efforts, joint endeavors, shared or pooled resources, systemic collaboration among sectors and among institutions, avoidance of unnecessary duplication, and efficient transfer of students from associate degree-granting to baccalaureate degree-granting institutions,

and provide not only data and its analysis but also identify areas of progress and issues in need of attention by no later than July 1, 2007, and annually thereafter.

Goal #5: Workforce and Economic Development

WHEREAS, the State has determined that California's future competitiveness in the global economy depends on having an educated and skilled workforce: the State must have workers with high-level skills required for jobs in high-demand fields, workers with basic workplace skills to obtain the most desirable jobs and to continually adapt to the changes that will continue to affect our evolving economy.

NOW, THEREFORE, the State and its higher education system expect the following:

- 5.1 Each public governing board shall target funds and program development efforts to fields that address statewide and regional opportunities and priorities—and include them in the budget process. High-demand programs shall be defined by two primary elements: (1) instructional programs or fields in which student enrollment applications exceed available slots, and (2) career fields in which employers are unable to find enough skilled graduates to fill available jobs.
- 5.2 Each public governing board shall annually report to the State's designated coordinating body on the status of these programs and any proposed changes to its list of high-demand programs, including a certification as to whether it has achieved stated goals and benchmarks, and any relevant supporting data.

Goal #6: Predictable and Sufficient Funding Policies and Methodologies

WHEREAS, the development and maintenance of a higher education system that is among the best in the world requires a new compact between the state and its public and private colleges and universities; and

WHEREAS, higher education institutions have a variety of responsibilities—effective and efficient operations, strategic use of limited resources, high-quality programs and student services, successful student outcomes, significant scholarship and research, and attainment of external revenues—and they are dependent on the state to varying degrees for fundamental financial support; and

WHEREAS, excellence in teaching and learning, research, and public service to accomplish broad state economic and societal goals is dependent on predictable and consistent financial support; and

WHEREAS, this goal of a short and long range funding plan is integral to the successful implementation of the other specific goals; and

WHEREAS, the State of California and its social compact with its system of higher education expects predictable funding levels that provide sufficient and reasonably predictable state operating support and ongoing state capital investments for its public research universities, the

state universities, the community colleges, and the independent institutions to provide the fundamental infrastructure necessary to achieve the state's vision for higher education.

NOW, THEREFORE, the people of the State of California advance the following expectations of its policymakers and educational leaders:

- 6.1 By no later than one (1) year after the effective date of this Act, or by June 30, 2007, whichever is earliest, the designated State coordinating board, after consultation with, at a minimum, the Education Round Table, the segments of higher education, the Department of Finance, Legislative Analyst Office, and the Senate Office of Research, shall provide its policy recommendations to the Legislature and Governor for a short and long range funding plan for higher education.
- 6.2 Such a plan shall address, at a minimum, state funding, the role and expectations of tuition and fees, state student financial aid and assistance, the role of parents and students, and undergraduate, graduate, and research support.
- 6.3 To be known as the California Financial Plan for Higher Education, the policy put forward shall cover at a minimum the next 25 years, a period to begin July 1, 2008, and be in force no less than through June 30, 2033, subject to amendments as the need arises but not before July 1, 2013.
- 6.4 Policy proposals for the funding of higher education advanced by the process called for in 1.1 of this section shall be reviewed and analyzed through the legislative processes, with the expectation by the People of California that a financial plan shall be effective by no later than July 1, 2008.
- 6.5 Absent a financial plan being adopted by the State for implementation by July 1, 2008, all funding support and tuition and fee levels shall be frozen at the levels implemented through the Budget Act of 2006 until a plan is adopted.

In the Matter of Trust... Public Trust: Confidence in Higher Education in a Time of Scrutiny

Higher education carries a heavy responsibility in modern society. No institution has greater opportunities to contribute significantly to the upward movement which modern man must achieve. Higher education at its best is the only institution in modern society that is free to seek answers to all the problems that confront man, through the use of every method the mind of man can conceive. By its very nature the primary allegiance of higher education is to truth: its discovery, its wide dissemination, and its effective application to the questions of life.⁴⁷

INTRODUCTION

How can “the system” be changed to successfully fulfill its historic role in the lives of those who have entrusted to it the achievement of multiple roles? Should it change, and if so, in what ways to best meet the vision that so many have for it?

“The system” in this case refers to higher education, with a particular emphasis on public colleges and universities; it also refers to elected officials—state legislatures and governors in particular—who play a vital and integral role in the policymaking, financial, and action arenas of public policy. Also included is the role of the public, not only as consumer but also as provider and historic stakeholder in a “public trust” relationship with higher education.

Public trust is the single most important asset of higher education in this nation. Without it, the inextricable link between the public and its institutions will find decreasing support from public funds, donors will not give, policymakers will be increasingly adversarial, and resources and institutional autonomy will be replaced by increased governmental intervention. In recent years, the actions by some in the higher education sector (as in other policymaking arenas) have eroded the trust of the public. Higher education as a whole is being called upon to address these issues to maintain public confidence in its work.

Leaders in higher education organizations need to make a commitment to paying attention to ethical practices and the responsible stewardship of resources. A balance of powers, clear expectations, a framework for decision making, effective and efficient infrastructure, strong leadership—these are some of the fundamental building blocks of a “good” state accountability system that can serve the public interest and maintain or increase its trust.

With the country responding to external threats and internal economic challenges, trust and confidence in America’s institutions are both critically important and in critical condition. Against this backdrop, what is “public trust” and its role in the advancement of higher education? This background paper briefly explores these questions in the context of higher education accountability.

⁴⁷ Earl V. Pullias, “Toward Excellence in College Teaching.”

THE CHANGING CONTEXT

Since the beginnings of higher education, there has evolved a relationship—a public trust—that has its roots in, and is an extension of, this nation’s commitment to egalitarian principles and the underlying belief that the success of a representative government depends on an informed and well-educated electorate. The history of the founding of most public colleges and universities has reflected and demonstrated the connection—a bond of sorts—between higher education and the needs of the state at given times in its development.

Institutions of higher education were seen as a fertile resource for preparing individuals for lifetimes of learning and adapting to career and personal changes, nurturing international and multi-cultural understanding, protecting through its curriculum and undergraduate experience the values and ideals of a democratic society, and developing new knowledge about new products and services. Additionally, higher education has been seen as a crucible in which to analyze economic and social problems and to create solutions that encourage their resolution.

Changes in basic social and economic institutions are often accompanied by greater complexity, more uncertainty, and more ambiguity, all perhaps inevitable partners in progress but also reasons for doubt and for mistrust. Such has been the fate for higher education as it has struggled to fulfill its evolving mission and to uphold the trust that historically has been present. As market forces have increased and budgets have been constrained, critics have illuminated shortcomings, and internal and external factors have simultaneously impacted higher education institutions.

Challenges to institutions of public higher education have accelerated in the following areas:

- managing growth while still providing access;
- assuring that relevance and quality in programming is being met;
- removing financial barriers to higher education access as students’ share of the cost of college has increased;
- containing higher education expenditures while the costs of operating goods and services are significantly increasing;
- increasing higher education’s share of the state budget as demands upon the state for other social services are becoming greater.

Amidst these challenges and many others, higher education has been the target of calls for greater accountability and transparency in its programming, services, and finances. Some institutions, in collaboration with their state, have built new social compacts among themselves and with other sectors of society by more closely connecting higher education resources to the social and economic needs of the state and of local communities. Others, in the perception of some critics, have offered little to restore eroding public trust.

Among areas in need of attention, not only of higher education but also of state government, are the following:

- *Increasing Student Participation and Success.* Access to and success in higher education has grown beyond the issues of individual opportunity or social conscience. Rather, they have become imperatives for economic survival. College is seen as a necessity, not a luxury—for individuals, for the state, and for the nation.

- *Assuring a Sound Financial Foundation.* The cost of education is determined primarily by the cost of goods and services higher education must purchase in order to provide educational programs. Increases in the cost of goods and services, the need to provide additional services, and the desire to improve program quality are factors which contribute to the rising cost of education. It is essential that the chasm that exists between an institution's aspirations and needs and the state's investment in it must be bridged by mutual understanding and clarity regarding the return on investment provided.
- *Advancing a Clear and Sustained Social Contract.* Institutions and their stakeholders need to ensure a mutual understanding and long-term commitment with an eye towards renewing the institutional embrace of social responsibility, rethinking priorities, and focusing strengths to address specific state social and economic needs.
- *Keeping a Quality Education Affordable.* Little is more important to the public than maintaining accessibility, affordability, and quality in the higher education enterprise. Few understand the difficulty of achieving this. There is a natural antagonism among these important factors. If state support declines and other income sources, including student fees, do not grow in proportion, something will have to give. Many institutions of higher learning have been struggling with this issue while others have had some success.

Apparent tensions within and among higher education entities and policymakers create dysfunctional behavior among all stakeholders amidst a changing and often market-driven higher education enterprise.

HIGHER EDUCATION AT A CROSSROADS

The challenges and changes facing higher education in the first decade of the 21st century seem comparable in significance to those characterizing two other periods of great change in the nature of the university in the United States: 1) a century ago, when the comprehensive public university first appeared, and 2) the years following World War II, when the research university evolved to serve the needs of postwar society.

Higher education—public higher education, in particular—currently faces a period of challenge and opportunity similar to these two earlier periods of transformation. Many point to negative factors, such as the rapidly growing costs of quality education and research during a period of limited resources, the erosion of public trust and confidence in higher education, or the deterioration in the partnership characterizing the research university and the federal government. Add to these considerations the increased movement in the nation toward a market-driven perspective on higher education, fueled in part by the emergence of a viable and comprehensive for-profit and virtual education competitive marketplace of pluralistic delivery systems, and the states and nation are faced once again with profound changes that will drive transformations in our society and its institutions.

The nation's higher education enterprise has an unparalleled responsibility to inspire trust and confidence. These institutions not only provide a vast array of services, they also raise funds from the public—whether direct public funds obtained through state budgets, indirectly through financial aid, or by fundraising efforts—with which they can provide those services. The success of these institutions is directly related to the trust they inspire, and the public holds them to a higher standard of accountability and ethical behavior than it does other sectors of our society.

The growing importance of education and knowledge around the globe and the ever greater numbers of people participating in higher education has increased higher education's responsibility to, and influence within, society. Higher education has become an essential requirement for not only human capital and workforce needs, but also for the advancement of society and the public good. For the United States, there has been recognition that higher education is an "engine" for our economic vitality, our democracy and to foster an informed citizenry. Quality assurance and accountability systems reflect how well institutions meet these obligations. It makes sense that states and their higher education systems, as part of their continuous improvement cycle, establish effective accountability systems that go beyond minimal reporting. They need to identify the added value these relationships provide to their work. Internal assessment and accountability are considered integral to the way higher education institutions maintain excellence in their educational products and services.

Recognized by some as a "social contract" but to many a tenuous relationship, a state's higher education enterprise not only functions with state charters and state resources, it also functions as a part of a public trust—a delicate and at times extremely sensitive relationship—that is an unspoken contract with the people of the state. Such a relationship cannot be legislated. It cannot be forced upon an individual or mandated through law. Yet it has power and considerable influence. Without trust, higher education withers.

The dilemma faced by institutions of higher education and public officials is reconciling current attitudes and the methods utilized to address issues of conflicting cultures with the increased focus on costs, quality, affordability, accessibility, and benefits derived from a college and university level education. Among higher education interests, the American Council on Education announced in the spring of 2005 a campaign to change the conversation about higher education among the public and elected officials. According to Stanley Ikenberry, a former president of the ACE as well as the University of Illinois, "There have been a number of calls recently for a new national dialogue on the social compact between higher education and society."⁴⁸

More recently, as evidenced by the formation of the National Commission on Accountability in Higher Education, the September 2005 National Conference on Accountability in Higher Education, the October 2005 initial meeting of the Secretary of Education's Commission on the Future of Higher Education, and the November 2005 meeting of the National Association of State Universities and Land-Grant Colleges, there has been an upwelling of concern about the public's perceptions and opinions about higher education unaccompanied by an understanding of how colleges and universities are fulfilling their role and responsibilities. The public scrutiny and skepticism reflect an increasing lack of trust in higher education:

At the core, though, is the sense that most members of the public—and in turn their elected representatives—do not perceive higher education as particularly needing their support, either because they don't value it highly or because they see it as less deserving than many competing priorities for federal and state funds, like elementary and secondary education, national security and health care, to name a few.⁴⁹

⁴⁸ "The Public Trust," *Inside Higher Ed*, 7 April 2005, <<http://www.insidehighered.com/news/2005/04/07/trust>>.

⁴⁹ "Solutions for Our Future," *Inside Higher Ed*, 15 November 2005, <<http://insidehighered.com/news/2005/11/15/nasulgc>>.

Clearly there needs to be better understanding and recognition of the importance of higher education in creating as well as contributing to an array of state, regional, and national priorities so that the commitment of public resources necessary will enable it to serve the nation. A disengagement from the public's interest will exacerbate the skepticism that threatens the public trust and will violate the historic compact between higher education and the public it serves.

A MATTER OF PUBLIC TRUST

From its early days as a nation, this country has considered education to be the *sine qua non* of democracy. There are a number of reasons for this, as elucidated by the New York State Master Plan:

- Education creates an informed and politically responsible citizenry.
- Education contributes to economic well-being, both by enhancing the productivity of individuals and by providing new goods and services through research.
- Education heightens our understanding of the issues of the day and offers us a better chance to resolve them wisely and with happy results.⁵⁰

The relationship between higher education and the public is most delicate. Historically, the principle of “public trust” has been widely accepted for the administration of higher educational institutions. The idea of the self-governing community of learners who control policy as well as practice in their institutions is centuries old. As an artifact of this historical principle, a board of laymen—part-time and ‘amateur’—supposedly represent the outside society rather than the ‘narrow’ educational community, and is legally empowered to give direction to the institution with respect to educational policy as well as financial needs.

More recently, however, as costs increase even as higher education is seen as an opportunity for an individual and economic vitality for a state, the power of the historical public trust orientation is being challenged. Amidst calls by institutions for increased budgetary support from state legislatures and governors, some colleges’ and universities’ requests were seen by some as a divine right, by others as a power play by those institutions of higher education who remain aloof from the fray, and by yet others as more evidence that there should be some accounting of how money is being spent. At the same time there is an enmity toward higher education—a level of distrust—among stakeholders who are either cynical, doubtful, or fearful that future generations will not be well served by higher education.

Higher education and state officials—i.e., elected policy makers—can easily lose their legitimacy and standing in the public trust if their vision is unconvincing, if their actions are inconsistent with the values they espouse, or if their self-interest appears to trump the welfare of those they serve.

⁵⁰ State University of New York, “Recommendations of the State University of New York for the 1980s: The Responsive University – The 1980 Master Plan of the State University of New York,” June 1980, 1.

If the past is prologue, perhaps stakeholders of today, including policymakers and educational leaders, can apply lessons learned to the current and future challenges of higher education and its relationship with the public:

the relationship between the institution or system and the various external political and regulatory oversight groups should reflect an understanding by which the institution or system is held accountable for results in relation to agreed-upon objectives, thus the need for more governmental oversight and regulation can be minimized. This arrangement preserves the essential autonomy of the institution or system, which differentiates it from other state entities and keeps the focus on “results.” The ability of public colleges and universities to provide for effective accountability engenders public trust. It demonstrates a willingness to address issues the public should care about—to serve the public trust.⁵¹

In his analysis of the past and present challenges facing American higher education since the Depression, David Henry, a distinguished professor of higher education at the University of Illinois at Urbana-Champaign and president emeritus of the University of Illinois, focused attention on the desperate mood of the people in the early 1930’s. Amidst a “sense of hopeless impotence,” colleges and universities moved forward despite being harassed on multiple fronts—including state bureaucracies, radicals from all sides, student dissent, faculty distress, and virulent criticism from the press.⁵²

Henry pointed out that “faith and advocacy” was stressed in the progress of higher education before 1930, “a stress that was heightened during the Depression in the search for public understanding and reasoned response to hysteria and unfair attacks.” The result was a renewed emphasis on the “premise that social progress is dependent upon public understanding—the keystone of institution building.”⁵³

Present challenges for accountability can be met only if there is confidence in the higher education system. Henry quite cogently spells out the lessons to be learned:

The similarities and unfulfilled impulses have significance beyond interesting coincidence. They reflect some long unfinished business and contain some warnings against indifference to these emergent ideas. Studies and reports are useful, but they are not enough. Higher education operates in a political and social context. More bridges between the campus and the public must be built and the traffic sped up.⁵⁴

⁵¹ Richard T. Ingram, “Testimony to the National Commission on Accountability in Higher Education,” Association of Governing Boards of Universities and Colleges, Washington DC, 10 May 2004, 4.

⁵² David D. Henry, “Challenges Past, Challenges Present: An Analysis of American Higher Education Since 1930,” An Essay for the Carnegie Council on Policy Studies in Higher Education (San Francisco: Jossey Bass, 1975), 35-36.

⁵³ Henry, *Challenges Past*, 36.

⁵⁴ Henry, *Challenges Past*, 37.

Public purposes of higher education must move states and their colleges and universities to action on a continuing basis to not only retain but more importantly to re-establish the public's faith and trust in its higher education system.

TRUST: WHAT IS IT?

This paper defines trust—public trust—as *the belief that is driven by positive expectations about outcomes based on experience and perception*.

Scholars, regardless of their discipline, have recognized the difficulty of defining the concept of trust. Trust is viewed differently depending upon the orientation of the investigator or commentator, and in most instances is seen as being more “inferential” rather than something that can be easily measured. Additionally, there are not only disciplinary differences but also challenges of nomenclature, as attempts are made to utilize more practical or better-understood terminology. Words such as “confidence,” “satisfaction,” or “faith” are often used interchangeably with trust concepts. But whereas *faith* implicitly embodies pure or unconditional belief in others, trust implies a reasoned expectation, what some call “enlightened calculation” about outcomes caused by others.⁵⁵

Confidence is similarly problematic, as it constitutes only one aspect of trust. Trust includes not only confidence, but also respect, honesty, consistency, etc. There are also problems with using the term “satisfaction”:

Much the same argument applies to the concept of satisfaction. Satisfaction, according to Merriam-Webster's collegiate dictionary, is “the quality or state of being satisfied by the fulfillment of a need or want” (p. 1038). Satisfaction, therefore, should be viewed as the result of the trust relationship, but not vice versa, because fulfilling satisfaction does not necessarily lead to trust.⁵⁶

Thus, trust implies the belief that others act responsibly and for the common good.⁵⁷

A common understanding of the concept of trust is necessary, particularly when it is applied to higher education and the “social contract” that has been an inextricable link between the public and its institutions of higher learning. Any erosion of that trust or mistrust must be understood and addressed, for it has implications for all of society, particularly in what has been considered in this nation as a highly trusting environment.

Fukuyama observes that, although the United States has historically been a high-trust society, it now appears to be degenerating into a low-trust society due to a deficit of social capital—i.e., “the ability of people to work together for common purposes in groups and organizations.”⁵⁸

⁵⁵ See, for example, Francis Fukuyama, *Trust: The Social Virtues and the Creation of Prosperity* (New York: Simon and Shuster, 1995).

⁵⁶ Seok-Eun Kim, “Public Trust in Government Agencies: Basic Conceptual Considerations,” 2001, <<http://www.arches.uga.edu/~seokeun/publictrust.icam.pdf>>, 6-7.

⁵⁷ See Fukuyama, *Trust*.

⁵⁸ Fukuyama, *Trust*, 10.

High-trust societies which permit a wide range of social relationships can organize their workplaces in such a way as to provide workers with greater job satisfaction and responsibility and an increased sense of belonging. Workers are treated as mature human beings who can be trusted to contribute to their organizations. In this work culture, trust can be a substitute for formal rules and regulations that, in economic terms, cause transaction costs. Trust makes cooperation easier and reduces transaction costs engendered by bargaining, contracts, and monitoring.⁵⁹ Likewise in higher education and in its relationship with stakeholders, particularly elected officials, when a high degree of trust between and among the participants prevails, adversarial relationships will be limited and sound policy making and mutual expectations can be realized efficiently and effectively

TRUST AND TRUSTWORTHINESS

Trust and trustworthiness are fundamentally important in individual as well as large scale activities, and they play a significant role in the workings of higher education in relationship to policy makers and other stakeholders. At its most basic level, however, decisions are made based on the interaction of individuals. It is individuals who trust, or do not, and it is individuals who are trustworthy, or not. Decisions affecting policy—its initiation, development, implementation, and performance—are all based on the trust and trustworthiness between and among the “players” in the decision making process and, more often than not, are the determinant of activities and action.

It may be important to distinguish between trust and trustworthiness. Trust is a broader concept, usually pertaining to feelings or attitudes. It is what we assign to someone or something. Trustworthiness, on the other hand, stems from behavior. It is what we perceive in someone or something. Trustworthiness includes honesty, integrity, courage, promise-keeping, loyalty, and fidelity. An interesting aspect of trust is that to be trustworthy, you must trust others in return. This is demonstrated by an individual’s ability to delegate responsibility, share power, and allow freedom of choice.

Unmet expectations leads to a diminution of trust and increased scrutiny and questioning of why people’s hopes are unfulfilled. Additionally, once trust is broken and hopelessness becomes the norm, the restoration of trust becomes a challenge, dependent on increased information dissemination and clear behavior that is seen as addressing those areas that heretofore were thought to be a part of the “social contract.”

The matter of trust is considered “to be related to moral qualities imputed to and expected of the figures in whom trust is invested.”⁶⁰

The fabric of trust begins to fray when skepticism prevails, when working relationships among people become suspect, and/or when the working climate of an organization, institution, or relationship is poisoned by those that assume that people are bad and must be watched and controlled.

Trust is a prerequisite to the effectiveness of any relationship, be it in personal terms or organizational terms, and certainly serves as a foundation for sound and effective working

⁵⁹ See Kim, “Public Trust,” 10.

⁶⁰ Donald E. Walker, *The Effective Administrator* (San Francisco: Jossey-Bass, 1979), 24.

relationships. When trust is low, or declining, such a general temper and mood are difficult to overcome. And while trust is necessary for any organization or entity to function at its best, it is distrust that causes difficulties and makes those in positions of power or influencing power to be more demanding.

The concept of public trust is tied to the origins of democratic government and the seminal idea that within the public lays the true power and future of a society; therefore, whatever *trust* the public places in its officials must be respected. The trust engendered reflects a form of social trust, the social contract, reflected in the extent to which there is a bridge between the rhetoric and action of its policy and educational leaders.

At the heart of the matter—indeed, in much of the discourse surrounding not only accountability but also higher education itself—is integrity and values, particularly as related to the mission of higher education. The essential set of principles that animate expectations for higher education are critical when one considers the growing interdependence of all of society and all segments of that society, the increasing complexity and uncertainty of the world and its mechanisms, and what role higher education needs to play in state, national, and international arenas.

Historically, a substantial focus of higher education has been to transmit the values of society by fostering an understanding of democracy and societal well-being. Democracy depends upon the informed consent of the governed, and being informed should not be left to chance. Americans, for the most part, view education as a national investment in the preservation and strengthening of social values, and higher education institutions as integral to the fulfillment of the nation's potential. Higher education is seen as being fundamental to every facet of the country's national life. Its citizens are able to benefit from the knowledge and skills that a college education can provide as well as the discovery of new knowledge and its application to the journey we are all on... called life.

The imperatives faced by colleges and universities require leadership and partnership between educational leaders and public policy makers in each state and nationally to ensure that the American dream is realizable through educational opportunity, achievement, and productivity. For it is educational leaders and policymakers who are not only its trustees but also its stewards.⁶¹

While attention is being paid and much work is being done relating to accountability in higher education across the country, policymakers and educational leaders should not lose sight of nor fail to reflect on the importance of values and ethics. Although the articulation and clarification of values have been a renewed focus in college and university curricula, thanks in part to disclosures in the business and financial sectors and elsewhere, both the ivy-covered halls as well as the halls of government should be subjecting themselves to self-examination. For it is values and ethics that underlie the concept of trust when applied to the public's trust in the culture of an institution as well as in its constituent relationships. It is the trusting relationship or lack thereof that governs individual interactions and determines trustworthiness. Distinct values animate and inform—implicitly or explicitly—interactions within higher education and between higher education and its stakeholders. Actions must be assessed against words. Should they be seen as mismatched, not only is the health and integrity of the institution severely

⁶¹ See the National Commission on the Role and Future of State Colleges and Universities, "To Secure the Blessings of Liberty" (Washington DC: American Association of State Colleges and Universities, 1986).

compromised, but it can also cause long term damage that requires attention. Integrity must continually be demonstrated in higher education's practices and relationships.

The importance of principled leadership and policy for the public good has been well expressed as it applies in international affairs.

...Universal moral principles do not provide blanket prescriptions that can be applied blindly: they must be accurately applied to the concrete circumstances of time and place. But there can be no political prudence without morality, that is, without consideration of the moral consequences of seemingly prudent action. The state that sets fundamental moral principle aside for the sake of successful political action builds upon sand, for it builds a destructive identity and a destructive world in which it is likely to perish. Statesmen who forsake conscience for the sake of public responsibilities lead their country by the short route to ruin.⁶²

Similar views have been articulated on the importance of values and morals at a Missouri higher education meeting on the subject, which resulted in a report, "Imperatives of the Seventies," by Merrimon Cunningham, known primarily as a theologian, the long-serving former executive director of the Danforth Foundation, and advisor to the President of the Ford Foundation. Turning attention to concepts critical to the nation, Cunningham drew specific attention to moral imperatives and values when he said:

We must recover, as a nation and a people, a moral sense, a sense of values, and of social and personal integrity. To sense that these are our problems, and that we can do something about them will take us a goodly distance toward a new spirit in our society. But we must add to those feelings the further determination to be true to our time-honored values.⁶³

Cunningham acknowledged the naysayers among the other observers by suggesting that where voids exist, there are professionals and lay people who reject ethical insensitivity or moral immunity by partially filling the void with a sense of values and integrity and who are determined to keep alive and make strong an ethical understanding of the world we all live in. He went on to say, "the most important task that faces America immediately ahead is the recovery of a keen and determined moral sense."⁶⁴

PUBLIC POLICY, TRUST, AND HIGHER EDUCATION

Public policy issues of urgent concern identified by multiple higher education stakeholder groups typically come down to wavering public trust in higher education. The higher education enterprise is expected to be more cost-effective, to deliver more value for the tuition dollar, and to use fewer resources to offer an expanded range of programs—all seen as vitally important to prepare the next generation of leaders in business, the professions, and civic life.

⁶² David Hollaran Lumsdaine, *Moral Vision in International Politics: The Foreign Aid Regime, 1949-1989* (Princeton NJ: Princeton University Press, 1993), 292.

⁶³ Merrimon Cunningham, "Social Imperatives of the Seventies," in *Imperatives of the Seventies* (St. Louis: University of Missouri-Saint Louis, 1973).

⁶⁴ Cunningham, "Social Imperatives," 3.

Knowledge has become the essential raw material in the current and future information society, much as natural resources drove industrial development in the last century. Yet arguments based on outcome alone will not satisfy a public whose concerns are more immediate and questions more urgent. Like it or not, as a major institution in society, higher education—particularly public higher education—is part of a broad social covenant, and that covenant imposes just demands on all colleges and universities. Without information about the expectations raised by this covenant, regulations and intrusiveness will become the *modus operandi* for policymakers.

Calls for reform in higher education are themselves nothing new, rooted as they are in a continuous and just concern for better ways of teaching and learning. But increasing skepticism and the prospect of declining public trust in the activities and work of higher education should be of concern to all, particularly policymakers and educational leaders.

Derek Bok, former president of Harvard University, articulates the concern that an increasingly regulatory environment is intruding on a heretofore independent higher education enterprise. Addressing concerns relating to governmental interference, Bok raises some poignant questions:

How much autonomy should universities have in carrying out their academic functions? Under what circumstances should the government intervene? And when the government acts, what methods of regulation should it employ to achieve its ends with minimum damage to the academic enterprise?⁶⁵

Significantly, Bok draws attention to the import of the answers to these questions, particularly as they not only impact a desired balance between autonomy and accountability but also as they implicitly impact the public's trust in its higher education institutions:

These issues are not simply matters of private concern to colleges and universities. They are important to the nation as well, for colleges and universities are society's principal source of the new knowledge and advanced education that have come to be essential to a modern society. Thus the critical task is not merely to find an adequate compromise between public needs and the private interests of the academy, but to decide how government and universities can work in harmony so that higher education will be able to make its greatest social contribution. And therein lies the problem. Now that higher education plays such an important role, government is more and more inclined to intervene to make certain that colleges and universities serve the public well. Yet we know that government can easily clasp education in a deadly embrace that stifles its creativity and vigor; this much is painfully evident from the experience of universities in other societies. In order to avoid such dangers, public officials need to consider the role of state and university in a larger perspective instead of continuing to act in a piecemeal fashion, intervening here and withdrawing there in reaction to a disconnected series of specific problems and special concerns.⁶⁶

⁶⁵ Derek Bok, *Beyond the Ivory Tower: Social Responsibilities of the Modern University* (Cambridge: Harvard University Press, 1982), 39.

⁶⁶ Bok, *Beyond the Ivory Tower*, 39-40.

Trust is among the most fragile of public attitudes. Once lost, it is extremely hard to recapture, as public sentiment toward government has shown us in the years since the Vietnam War and Watergate. And however tightly woven higher education's mission and the hopes and values of society might be, higher education is only one among many sectors vying for state and national resources.

Lewis and Clark College's Michael Mooney articulated well the expectations placed on higher education by the public:

To keep the public's faith in our purpose in a time of breathtaking change, colleges must meet four broad expectations:

We must serve society. We must cultivate the traditional mission of the liberal arts to form citizens and to train leaders.

We must foster the continuity of living and learning. We must dismantle the ivory tower stereotype.

We must be accountable for the best possible use of our resources. We must put our people, buildings, and funds to work in ever more productive ways.

We must set and adhere to high standards of quality. We must lead by example in every aspect of our work.⁶⁷

Each state, indeed the nation, has a direct stake in the continuing strength of its higher education enterprise. With so much at stake, the public desires and deserves better understanding of the use and stewardship of their investments in its system of higher education.

ADVANCING TRUST AMONG PEOPLE AND ORGANIZATIONS

*There exists today, no practical construct of Trust that allows us to design and implement organizational interventions to significantly increase trust levels between people. We all think we know what Trust is from our own experience, but we don't know much about how to improve it. Why? I believe it is because we have been taught to look at Trust as if it were a single entity.*⁶⁸

Tway defines trust as, "the state of readiness for unguarded interaction with someone or something." He has developed a model of trust that includes three components. He calls trust a construct because it is "constructed" of these three components: "the capacity for trusting, the perception of competence, and the perception of intentions."

Thinking about trust as made up of the interaction between these three components makes "trust" easier to understand. The "capacity for trusting" means that the capacity and willingness

⁶⁷ Michael Mooney, "Renewing Values, Keeping Trust," The President's Five-Year Report: 1989-1994, Lewis and Clark College, n.d.

⁶⁸ D. C. Tway, Jr., *A Construct of Trust*, Doctoral dissertation, University of Texas at Austin, 1994.

to risk trusting others, because of or despite life experiences. The “perception of competence” is made up of perception of one’s ability and the ability of others to perform competently whatever is needed in the current situation. Most importantly, the “perception of intentions,” as defined by Tway, is one’s perception that the actions, words, direction, mission, or decisions are motivated by mutually-serving rather than self-serving motives.

The best way to maintain a trusting environment is to keep from injuring trust in the first place. Five essential conditions contribute to a healthy environment of trust within an institution:

- The integrity of the leadership of the organization;
- The truthfulness and transparency of communication with staff;
- The presence of a strong, unifying mission and vision;
- Availability of information about the rationale, background, and thought processes behind decisions;
- Organizational success—people are more apt to trust their competence, contribution, and direction when part of a successful project or organization.

Yet even in environments in which trust is—or should be—a priority, things happen daily that can injure trust. A communication is misunderstood, a request is misdirected, or an obvious mistake is not questioned. Even when organizations do their best, many people may be unwilling to trust because of their prior experiences with the organization or with individuals representing the organization at a leadership level or elsewhere. In many environments, people learn to mistrust as they are repeatedly misinformed and misled.

KEY FACTORS THAT CONTRIBUTE TO PUBLIC TRUST

In the corporate world, the consequences of Enron, Global Crossing, Adelphia, and other companies’ mishandling of trust are enormous. Billions of dollars in value have been lost, and questions are being asked about how much of that value was real in the first place. Public trust in the institutions on which this value creation depends has been shaken.

The aftermath of Enron, et. al., serves as a lens to sharpen higher education’s focus on the key elements that actually create and sustain public trust in the “marketplace.” These elements—*transparency*, *accountability*, and *integrity*—are easy enough to describe, but frequently difficult to practice. And they must exist at every point in the information supply chain.

As stated earlier in this report, the first is a spirit of *transparency*. By transparency is meant that higher education has an obligation to willingly provide to stakeholders the information needed to make decisions, particularly policy decisions. All members of higher education must embrace a spirit of transparency. Governing bodies and educational leaders must report forthrightly on the critical value drivers of higher education, including the ways resources are being spent, student achievement, areas in need of attention, and performance of the higher education enterprise.

The second is a culture of *accountability*. Simply providing information is not sufficient. It must be accompanied by a commitment to accountability among those involved as stewards of the public trust and their resources. That means taking responsibility, which can only occur within an ethos that values and understands accountability. For example, educational leaders—the executive management of colleges and universities—must hold themselves accountable for using the public’s money to make decisions that will create value for those stakeholders.

Educational leaders and policymakers must not forget that their work serves the interests of the public and the stakeholders, not the management that simply writes the check.

All participants in higher education must hold themselves accountable—governing board members, for ensuring that the achievement of the system or institution as well as its shortcomings are identified and useful information provided to policy makers and the public; executive management, for producing relevant and reliable information; state governing or coordinating boards, for ensuring that management lives up to this obligation and that state reports are objective and independent; and analysts, for producing high-quality, unbiased research. Legislators and governors must also hold themselves accountable for the decisions they make.

Finally, even transparency and accountability do not automatically earn the public trust. In the end, both depend on *the integrity* of the people involved. Individuals of integrity “do the right thing,” not what is expedient or even necessarily what is permissible. Doing the right thing cannot be compromised, especially through actions that purport to create value for stakeholders, but which ultimately betray them.

Wholeheartedly embracing and demonstrating these key factors are essential to building an environment of public trust. If educational leaders and policy makers do not concur on these objectives, there will continue to be a growing dissatisfaction with higher education and the public.

“A healthy democracy requires citizen trust,” according to Ford Foundation President Susan Berresford, *“and rising cynicism and distrust of elected officials are disturbing trends.”* In offering a perspective on the historic role of government and its relationship to people in the country, Berresford comes to two conclusions relating to trust: first, “what was lost can be regained—distrust of government may be rooted but it is not genetic. Second, trust can grow when people believe their government acts constructively on issues that they care about deeply.”

While suggesting that there are several steps that can be taken to restore trust, Berresford believes that the calls for increased efficiencies and related strategies fall short as they attempt to build a level of trust between the public and their government:

But the more I think about the problem of trust, the more convinced I am that these efforts will fall short. They are essential but incomplete approaches to building trust in government. That is because respect for efficiency seen at a distance is not the same as trust.

Trust requires a personal basis. Trust often comes from caring about something, being engaged with it, and becoming so familiar with it that you feel you have a personal stake in it. If this is true, I would like to suggest again that personal involvement in social problem solving can help build trust in government in four ways:

First, seen from afar, a problem can be considered “their” problem. But when you are personally engaged in seeking solutions, it becomes “our” problem. In other words, working in the social problem-solving process moves you from being distantly objective to close-up and personal where you are more likely to care what happens.

Second, trust can grow when men and women gain first-hand knowledge of the problem they are concerned about. This happens because their practical work in problem solving sensitizes them to complexity. For example, they often come to recognize the limitations of one-on-one voluntarism. They see that multiple approaches, often involving government action at different levels, are needed to solve our most serious problems. And they work to get government's approach right.

Third, when people's own problem-solving efforts yield personal satisfaction and success, they become confident about their ability to make a difference and influence change. These experiences can spur faith that institutions, including government, can also have positive impacts.

Fourth, engaged individuals are likely to be better informed about ways that government already affects issues that concern them. Whether this leads to positive or negative reactions to government is an open question. But they will care about what government does because they see it in action and know both its failures and its potential for good.⁶⁹

No message, no campaign can be effective if those entrusted with the state's system of higher education neither know nor inculcate the historic public trust and contract. Before trust can be renewed or rebuilt, policy and educational leaders, along with their stakeholders, must believe in the social contract and take complementary actions to fulfill it.

SELECTED HIGHER EDUCATION ISSUES IMPACTED BY PUBLIC TRUST

From an historical perspective, most knowledgeable stakeholders in higher education have believed that the most fundamental purpose of higher education is to serve the public by actively addressing the most pressing societal issues of the day, no matter how complex or difficult they may be. Along with ongoing issues, new ones continue to arise that impact the public's perception of higher education and its ability to effectively address issues in its own "house" as well as the society in which it functions. The following issues are illustrative of matters requiring the vigilance of higher education on a continuing basis.

Athletics

One of the most glaring arenas of increasing doubt is athletics, particularly that of "big time" athletic programs. The American Association of University Professors has been increasingly vocal regarding this issue and is calling for college and university faculty not to abdicate their roles and responsibilities associated with the role of athletic programs within their colleges and universities:

To characterize the marriage of big-time athletics and American higher education as "strained" would be an understatement. The debate over the role of athletics

⁶⁹ Susan Berresford, "Social Service and Public Trust: An Antidote to Indifference," Remarks by Ford Foundation President Susan Berresford at the John C. Whitehead Forum, Washington DC, 9 February 2000, <http://www.fordfound.org/news/view_news_detail.cfm?news_index=110>.

in higher education centers increasingly on the fact that athletics programs profoundly influence the ability of colleges and universities to address their broader public purpose. As public criticism of the scandals and hypocrisies of major college athletics programs deepens, higher education pays a price in the form of declining credibility and public trust. This decline diminishes higher education's moral authority to deal with other important societal issues and challenges. Simply put, if universities cannot conduct their athletics programs with integrity, how can they be expected to solve problems such as deficiencies in public education, poverty, illiteracy, environmental degradation, and the need to prepare a work force for the global economy of the twenty-first century?⁷⁰

Research

Research, an important and critical component of the nation's universities, is another focal point of increasing concern, particularly as it relates to financial and academic implications, including objective analysis, scientific inquiry, and objective disclosure.

During the last decade or two, a number of universities have thrived on their relationships with industry. In the sciences, faculty and their institutions have benefited from contracts, donations and sponsorship, and from the entrepreneurialism of faculty members—a trait now encouraged by government in most scientifically developed countries. Nowhere is this more evident than on the west coast of the United States. One third of all the world's biotechnology companies were founded by faculty members of the University of California.

The benefits to researchers and universities are many. They include access to industry facilities and databases, financial support for research that can help the university as well as the company, opportunities for academics to tap into the market's expertise, and the longer-term benefits of experience and contacts.

The downside of these benefits is becoming increasingly clear. Some of the problems arise in the scientific literature. Recent publications in biomedical journals indicate that researchers sponsored by companies are biased in favor of reporting positive experimental results relating to company products. Undeclared conflicts of interest have occasionally undermined trust in published research and reviews. Other difficulties arise if companies try to restrict academic freedoms or institutionalize industry's influence. For example, in at least one contract offered to a prestigious university by a multinational chemical company, the company took ownership and rights over all data deposited in their database. The academic involved found the company inflexible on this issue and so withdrew.

Sense of Purpose

Many people in our nation are not familiar with the different missions, roles, and functions of colleges and universities. For example, few have heard the term "land grant" used to describe a university in their state, nor are they familiar with the differentiation of function between a community college, a "state" college, or a research university—to say nothing of the differences among public and private institutions of higher education or vocationally-focused institutions.

⁷⁰ John R. Gerdy, "Athletic Victories: Educational Defeats," *Academe: Bulletin of the AAUP* (January-February 2002): 35.

The public typically does not understand or appreciate the civic mission of, in particular, the land grant universities.

In addition to the public's lack of understanding, in this day of legislative term limits, many policymakers are unfamiliar with the historical antecedents of their state's institutions and the significant role that they play as a result of federal, state, and societal expectations and statutory mandates.

Harry Boyte of the University of Minnesota has warned: "Without a historical grounding, a sense that public universities were once ... far more engaged in partnerships with the public, it is difficult to imagine a renewed public mission."⁷¹ Despite state and national calls to focus on increased transparency and information flow to the stakeholders, higher education (in the opinion of many) continues to fall short of substantive and sustained relationships with the public built on the strengths of each institution. In the view of many, colleges and universities should be more accessible to a wide range of students and more relevant to contemporary society.

THE SOCIAL CONTRACT

For the last ten years or more, commentators on higher education, whether internal or external to the academy, have continued to draw attention to the role of public trust and the social contract that exists between higher education and society at large in the provision of a public good. More often than not, the focus has been on the standing and import of higher education and the perception, real or imagined, that without some significant consideration of the public aspect of its institutions, the public trust so important to the social contract will erode even more so than it has in recent years.

Many believe that higher education must serve as well as lead society. Recognizing the symbiotic relationship between the two is critical to understanding the complex issues of autonomy, accountability, and constraint in the university. As revenue and resources are sought from the state, the linkages between and among the three issues becomes all the more critical:

A university behaving responsibly in its search for resources would indicate exactly how the resources are to be used. It would recognize that those who supply the resources may have ideas about the value of various programs and may allocate resources accordingly. The university would also render an accounting of how resources were actually used and what was accomplished thereby.⁷²

Dressel and Farcy go on to state, in no uncertain terms, how important both understanding the underlying issues and disseminating rather than concealing information—a need for forthrightness—are to the issue of autonomy:

⁷¹ Harry C. Boyte, "Public Engagement in a Civic Mission," Washington DC, Council on Public Education, 2000.

⁷² Paul L. Dressel and William H. Farcy, *Return to Responsibility* (San Francisco: Jossey-Bass, 1972), 2-3.

Autonomy must be earned and continuously justified; otherwise, the insistence on autonomy creates mistrust, reprisal, and demands for accountability. The survival of the university is at stake.⁷³

The National Commission on the Cost of Higher Education has published recommendations on how to address the public trust issue and other findings. Of particular note was the Commission's recommendation that:

... both policymakers and the general public need more useful, accurate, timely, and understandable information on college costs, prices, and the different subsidies that benefit all students. Leadership for this effort should come from the academy, from both institutions and higher education associations; but to be really effective of the entire thrust requires a partnership engaging appropriate Federal agencies, states, leaders of the press and electronic media, and the private sector.⁷⁴

While there is considerable attention being given to the lack of trust or the "erosion" of public trust in higher education, mistrust has prompted the public and/or their representatives to address in new and different ways the issues that are near and dear to them relating to this desired trust. Many stakeholders in higher education have found ways to negotiate their interests. They do so by relying on other mechanisms—such as laws, regulations, and markets—to minimize risk.

Among the many roles that state legislatures play—passing laws, appropriating funds, and debating public policy—is the fundamental responsibility of overseeing government operations and ensuring that public services are delivered to citizens in an effective and efficient manner. This accountability role is essential to maintaining the trust that citizens place in government.

To help meet this oversight responsibility, most state legislatures have created specialized units that conduct research studies and evaluate state government policies and programs. These studies address whether agencies are properly managing public programs and identifying ways to improve these programs and cut government costs.

FUTURE CHOICE AND LEADERSHIP

While this paper and its recommendations focus on the relationship of trust and accountability in higher education—the rationale for it, structures and processes to implement it, and performance measures to realize it—there is an additional consideration.

Unquestionably, the structures and procedures in an accountability system must be shaped with great care and reviewed objectively and frequently. In truth, however, they can only provide the framework for achievement, not achievement itself. Like all human institutions or organizations, colleges and universities can be no greater than the human beings who comprise the policymaking and decision making culture of a state. For all of the attention given to master

⁷³ Dressel and Farcy, *Return to Responsibility*, 3.

⁷⁴ "Straight Talk About College Costs and Prices," Report of The National Commission on the Cost of Higher Education, 21 January 1998.

plans, flow charts, frameworks, performance indicators, and outcome measurements, the overall accountability system ultimately depends upon people.

Whether higher education is to remain socially accountable and maintain its autonomous characteristics will be determined by the quality and spirit of its leadership. The same is true of those elected officials who are part of the policymaking framework in the state.

Unfortunately, college and university leaders too often feel almost overwhelmed by demands of policymakers—governors and legislators, as well as government agencies at the federal and state levels—that call for increased accountability but provide few rewards or recognition and give institutional leaders little freedom to make their own decisions. Not only is this the case at the institutional level, but more often than not it is the case even with those who sit on governing bodies of institutions or systems of higher education—all of whom feel constrained by complicated and often competing bureaucratic perspectives and arbitrary requirements.

The increasing role of outside agencies in institutional matters is gradually negatively impacting the ability of most colleges and universities to meet the public's expectations and their own internal capacity to fulfill their mission. Absent decisive leadership and overcoming what is seen by many as serious dysfunctional behavior on the part of elected officials and state agencies, the cycle of distrust of institutions will continue. In order to reverse this trend, the following will be required:

- vision, leadership, collaboration, and cooperation—among all of the stakeholders;
- a forcible reminder that for higher education to enjoy a substantial level of public trust and its historical autonomy, it must, in contemporary terms, allow its imperfections and shortcomings to be seen as well as demonstrate its ability to "deliver the goods" in fulfilling its mission;
- a wide base of enlightened policymakers—to spark and plan action as well as to prioritize higher education for current and future generations; and
- an effective and creative accountability system that is a coherent, living, working reality and not merely rhetoric.

This paper and its recommendations support the idea that higher education—indeed all of education—is vital and worthy of investment by the State and its citizenry. It is hoped that the complete report and recommendations will be seen as an instrument for mobilizing the time, talents, and energies of all stakeholders in designing, developing, and implementing a system of accountability that will be a bridge to the future and promote an increase of trust in higher education.

It is a time of choices—a choice of futures and a future of choices. Ultimately, it is an opportunity to make education a top priority going forward. At stake are the twin obligations of institutional integrity and public accountability and whether they can be kept in balance. The central issue, then, is how colleges and universities that are in the state's service—and in the nation's service as well—can sustain a tradition of autonomy while being accountable to the public and the various stakeholders they serve.

Whether the initiative and leadership required to implement an accountability system in the state is possible should be a central question facing American higher education in the months and years ahead. The public's trust is riding on the answer.

CONCLUSION

Accountability has been or is a central priority for higher education in most states across the country. Such a commitment acknowledges the stewardship of the trust placed in higher education by its multiple stakeholders. Specifically, public universities were founded and have been sustained in order to fulfill public purposes. Public higher education has been embraced in the United States as integral to its future, and with the increase of globalization, these institutions will only have expanded public responsibilities. Currently, and in the foreseeable future, public colleges and universities have an extraordinary opportunity not only to fulfill their historic public mission, but also to reaffirm their role in achieving the public good.

Information dissemination regarding public purposes through multiple means, including reports and other presentations, demonstrates to the legislature and the citizens of each state the commitment that higher education has to improving quality, its interest in contributing not only to the individual but also to the state itself, and the desire to be accountable to the various constituencies that surround and influence higher education. Effectively communicating to policy makers and the public the public purposes higher education fulfills is an essential ingredient in elevating public support for colleges and universities.

The historic covenant between the public and its universities is integral to public trust. Yet, as American Association of State Colleges and Universities' Constantine Curris has said, "No message, no campaign can be effective if those entrusted with that work neither know nor inculcate that public mission." He went on to say, "Before public universities can renew or, in some instances, rebuild the covenant with our citizens and their elected representatives, university leaders must believe in that covenant."⁷⁵

Higher education plays a pivotal role in the political, economic, and cultural development of its state. In many states, there is an inextricable link between higher education and economic and cultural vitality. To maintain that link, the strengths in the system must be maintained, but the weaknesses must be remedied. To preserve what is valuable and to address what is defective requires attention and the will to address limitations. Policy makers and educational leaders need to be proactive and willing to undertake corrective measures to ensure that the public's trust is increased and sustained over time, not just in an immediate situation or challenge.

Institutional change will require vision, courage, commitment, and leadership. It will require investing resources in people and in programs that serve them, as well as in steps to improve accountability throughout higher education. It will also require a bold strategy in which there are clear directions, decisive actions, and strong and sustained support throughout the higher education community and its various external constituencies.

On a pragmatic level, public trust is generally essential for the higher education enterprise to effectively carry out the missions assigned to it. More fundamentally, however, trust and confidence are central to sustaining the legitimacy of public organizations within the American system of governance. That contribution derives from a democratic ideology that demands that public institutions operate in a transparent manner, that they adopt processes that not only permit but encourage broad segments of the population to participate, and that no segment finds itself perpetually a "loser" in policy controversies.

⁷⁵ Constantine W. Curris, "Public Higher Education: Is the Public Lost?," David Dodds Henry Lecture, University of Illinois at Springfield, 30 March 2005, 14-15.

An organization and its people are driven by their culture. Higher education's culture—as well as that of policy makers—needs to be based on ethics, trustworthiness, and objectivity. Its structure, its shared values, the conduct of those at the highest levels of the higher education enterprise, and the value they place on ethics are all integral to maintaining the desired culture. Possessing a commitment at the individual and organizational level to doing the right thing and sustaining public trust needs to transcend core professional responsibilities.

RECOMMENDATIONS

Recommendation One

State “accountability” reports should include evidence about how well a state’s colleges and universities, both collectively and through the interactions of individual institutions, are meeting the state’s educational goals.

With respect to this recommendation, it is critical that the State has clearly articulated its goals and expectations for its higher education system and has provided the necessary public policy framework and resources to implement the goals. The information—or evidence—will address most of the issues of public trust that concern policymakers and business leaders. But the task of building public trust does not end with the compilation of evidence. State officials must actively engage their publics in the interpretation and use of these data to make informed policy and resource decisions. This can occur through the usual mechanisms of governance as well as through special structures by which stakeholders are brought together to address particular issues. The key is to provide limited but meaningful data to these forums that highlight performance issues that matter to the public, and to use these data to promote improvement where indicated. The California State University, for example, is undertaking such a process and otherwise drawing attention to its multiple contributions to the State and its citizenry⁷⁶

Recommendation Two

Renewed attention should be given to improving governance practices and increasing the transparency related to higher education.

Good governance and transparency are essential elements in providing assurance that higher education operates with integrity and effectiveness in meeting its missions. Good governance facilitates productivity and well-run operations that dissuade criticism and partisan perspectives. Transparency sheds light on higher education practices, which enhances ethical and effective operations and facilitates oversight by policymakers and the public. Obtaining better data, and increasing capacity to analyze and use the data that higher education and policy makers obtain, is integral to increasing transparency with respect to practices.

Providing better information to the public can improve trust and confidence in higher education. Therefore an effective and ongoing “campaign” to disseminate information and communication is required to increase public awareness and understanding of higher education’s role and mission as well as its performance and areas of continuing attention.

⁷⁶ An excellent “white paper” on the subject of the implementation of the incorporation of public trust in a state accountability system, as well as the above recommendation, appears in Nancy Shulock and Colleen Moore, “A Framework for Incorporating Public Trust Issues in States’ Higher Education Accountability Plans,” Institute for Higher Education Leadership & Policy, California State University, Sacramento CA, April 2005, <<http://www.csus.edu/ihe>>.

Recommendation Three

Local, state, and national advisory groups on which a broad range of stakeholders are represented must have early and continuous involvement.

That involvement would be characterized by:

- frequent contact, complete candor, rapid and full response to questions, implementation of at least some suggestions, and assistance in increasing the technical and oversight skills of the community;
- carrying out agreements, unless modified through an open process established in advance;
- consistent and respectful efforts to reach out to state and community leaders and to the general public for the purpose of informing, consulting, and collaborating with them about the technical and operational aspects of programs and activities;
- active, periodic presence of very high-level leaders who make themselves visible and accessible to citizens and their representatives;
- unmistakable higher education presence in the region, state, and/or locality that contributes its energies to community affairs and pays through appropriate mechanisms its fair share of the tax burden.

Measures to strengthen public trust cannot simply be appended to ongoing activities. They must be an outgrowth of an institutionwide, systemwide, and statewide recognition that most programmatic choices have consequences for institutional trustworthiness.

Recommendation Four

Individual and institutional integrity must prevail if higher education is to maintain the public's trust.

A higher education system built on integrity and quality has a solid foundation that supports public confidence and fosters stability. Simply stated, integrity and quality significantly and substantially contribute to public trust. Adhering to these values and principles in all facets of programs and services, with resonance throughout the organization, is essential to public confidence.

In today's complex and often volatile higher education climate, achieving and sustaining greater public trust is the obligation of everyone with an interest in higher education and its governance and practices—policy makers, educational leaders, faculty, students, business, and industry.

To ensure public trust and to meet the evolving needs of the State, the nation, and the people that it serves, higher education should hold fast to these guiding principles:

- adhere to integrity and quality in all aspects of programs and services;
- demonstrate stewardship, ethical behavior, and integrity in all that is done in the name of the institution;
- operate for the public good;
- ensure that performance and actions are transparent and susceptible to critical review and evaluation; and
- make outcomes accessible and understandable for use by policymakers and stakeholders as appropriate.

Performance Indicators: Issues and Lessons

Unfortunately, performance indicators for higher education are in an early stage of formulation, and there is a need for more complete and accurate information for those indicators that exist. Consequently, future reports should use new indicators, and establish processes for producing better data. In addition, beginning with next year's report, additional cost and productivity data for each sector will help to better describe the state's return on investment in higher education.⁷⁷

OVERVIEW

Internationally, higher education systems have come under increasing public and governmental scrutiny with respect to what they do, how well they do it, and at what cost. In some instances, a formalized accountability exercise has been implemented, usually based on the notion of "performance indicators." In some cases, attempts may have been made to formulate a theoretical basis from which to derive performance indicators. More often, though, performance indicators are defined operationally and are often arrived at through some political process involving negotiations between government agencies and higher education. As a result, sets of performance measures may differ somewhat from state to state as well as from institution to institution. In general, though, performance indicators are developed for application to conventional campus-based institutions.

In the United States, higher education also is being pressed for greater accountability and improved attention to student learning or student outcomes and quality. Legislators in many states are moving toward "performance incentive funding," as appropriations are based, at least in part, on whether universities and colleges are accomplishing stated goals.

Performance Indicators (PIs) are intended to help an organization—including a state and its higher education enterprise—define and measure progress toward a set of actual or perceived organizational goals.

Once an organization has analyzed its mission, defined its goals, and identified all its stakeholders, it needs a way to measure progress toward those goals. Performance Indicators are those measurements.

A public concerned with the balance between costs and benefits of higher education demands more information on institutional operations and outcomes. In particular, the various stakeholders are calling for a demonstration of the extent to which higher education is meeting state and institutional goals and objectives. A plethora of "useful" measures and other efforts have flooded the literature of higher education. Ultimately, it is the responsibility of each state and its colleges and universities to define and describe their own goals, to place them in the

⁷⁷ New Jersey Commission on Higher Education, "NJ's Renewable Resource: A Systemwide Accountability Report," Executive Summary, April 1996.

context of peer group comparisons, and to demonstrate to the public the position it holds in higher education.

While in the international context the concepts of accountability and quality assessment in higher education constitute the primary focus, in most discussions regarding performance indicators in the U.S., the primary focus of attention has been cost efficiency and undergraduate education, with less attention on graduate education and research. There is an apparent desire in some quarters for graduate education to be more responsive to a free-market economy, for the production of Ph.D.'s in certain subject areas to be somehow streamlined, and for private-public partnerships to be encouraged.⁷⁸

This background paper explores the possibilities for selecting exemplary strategic indicators that would allow a state to address the development and performance of higher education at a statewide level. It addresses the question of what lessons can be drawn from international and national experiences in order to improve quantitative reporting on the development and performance of higher education.

WHAT IS A PERFORMANCE INDICATOR?

There is unprecedented interest in performance indicators in education and, increasingly, in higher education. The reasons for this interest are multiple, but chief among them is that higher education has emerged as a priority public issue for governments at the state and national levels. Even if economic development is not part of the nomenclature associated with a state's higher education system, college and university education is increasingly "recognized as a strategic, human resource investment which should contribute to building a knowledgeable, creative, innovative and advanced labor force—capable of succeeding in global competition and generating economic growth."⁷⁹

Interest in performance indicators, particularly as they relate to accountability in higher education, is often accompanied by a lack of understanding of what they are and how they can be used. While being a part of higher education's lexicon, they often articulate divergent views relating not only to their utility but also the rationale for such indicators.

Many view them as an intrusion on institutional autonomy and an external threat—used by the government in the allocation of resources. They are also seen by some as providing superficial information, lacking perspective and substance, and as dangerously misleading.

So, what are performance indicators? They are defined and used in many ways, as evidenced not only by a review of the literature but also by how they are being utilized and applied in a variety of higher education and policy environments.

A basic definition is as follows:

⁷⁸ See Martha Kyrillidou, "The Current Context for Performance Indicators in Higher Education," in "Developing Indicators for Academic Library Performance: Ratios from the ARL Statistics, 1992-93 and 1993-94," <<http://www.arl.org/stats/arlstat/CONTEXT.HTML>>.

⁷⁹ "Research File," Association of Universities and Colleges of Canada, vol. 1, no. 2 (June 1995): 1.

Performance indicators are data, usually quantitative in form, that provide a measure of some aspect of an individual's or organization's performance against which changes in performance or the performance of others can be compared.⁸⁰

Performance Indicators (PIs) are quantifiable measurements, agreed to beforehand, that reflect the critical success factors of an organization. They will differ depending on the organization. For example:

- A business may have as one of its Performance Indicators the percentage of its income that comes from return customers.
- A college or university may focus its Performance Indicators on graduation rates of its students.
- A Customer Service Department, in line with overall company Performance Indicators, may have as one of its PIs the percentage of customer calls answered in the first minute.
- Performance Indicators for a social service organization might be number of clients assisted during the year.

Whatever Performance Indicators are selected, they must reflect the organization's and/or state's goals, be key to its success, and be quantifiable (measurable).

Some examples of performance indicators for higher education include:

- numbers of degrees awarded,
- average time to completion of degrees,
- graduates' performance on external and licensure exams,
- faculty success in attracting competitive research grants, and
- faculty reputations with peers.

Increasingly, higher education performance indicators also include measures like:

- the employability of graduates,
- student loan default rates,
- student and public satisfaction as measured by surveys,
- cost per student or program, and
- revenue generated from research licenses and patents.

As Borden and Bottrill point out, "The term performance indicators may seem straightforward, but even a brief examination of the literature reveals that many shades of meaning have been attached to this concept."⁸¹ But while there may be some differences in categorization and the language of performance indicators utilized by higher education, there is also a surprising degree of similarity. While the following is not intended to be comprehensive, it does provide

⁸⁰ L. Harvey, "Analytic Quality Glossary," Quality Research International, 2004, <<http://www.qualityresearchinternational.com/glossary/>>.

⁸¹ V. M. H. Borden and K. V. Bottrill, "Performance Indicators: History, Definitions, and Methods," in V.M.H. Borden and T.W. Banta (eds.), *Using Performance Indicators to Guide Strategic Decision Making: New Directions for Institutional Research* (San Francisco CA: Jossey-Bass, 1994), 11.

an outline of the ten indicators that are most often considered in reports and analysis of the issue.

- Participation/Access. The participation/access indicator is meant to provide a measure of the total number of students served during a reporting period—hence an emphasis on head counts and registrations. In the case of head counts, this is a straight count of bodies served. In the case of registrations, this is a count of students served within program areas.

Full-time Equivalents (FTEs) present a different dilemma. There are a number of quite different formulas for calculating full-time equivalents. In general, though, all the formulations attempt to represent total instructional load (including part-time with full-time students) in terms of the load represented by a full-time student. A standardized way to do this is to define a normal full course load and make that the full-time norm. Differing instructional loads are then prorated relative to the normal load (the units can be numbers of courses, credit hours, or even CHEs). The complication here is determining what an appropriate normal instructional load is for a full-time (and hence FTE) distance education student. It is probably not the same with respect to the amount of resources required to be expended compared with a classroom-based FTE, but the instructional load will vary according to the primary method of course delivery and on how courses are developed and delivered.

- Completion/Retention. Completion/retention is an indicator that can be potentially damaging to institutions that are actively engaged with learners who are not residential or full-time. Despite all reasonable explanations concerning students' expectations, personal circumstances, and the invaluable services rendered to such students, there is a strong sociopolitical view that degree-granting institutions are effective and efficient only to the extent that they graduate students at the degree level in some optimal period of time.
- Transfer Student Performance. The transfer student performance indicator pertains to how well institutions prepare students to transfer to programs at the universities. Usually, this implies that such students originate from formally designated transfer programs at the colleges and that the students move immediately from college to university.
- Financial Indicators. Financial indicators provide the state and its institutions of higher education with a tool for examining their financial position relative to benchmarks or baseline data, national averages, other comparable institutions and from one financial year to the next. As with any performance indicators, it is important that, for any organization or institution, no single figure is considered in isolation from any others. It is more often a particular combination of indicators viewed together that will indicate those financial areas where the organization may have strengths or weaknesses.
- Space Utilization. The space utilization indicator is meant to be a measure of how effectively conventional institutions use their costly physical plants. Often the absence of this type of substantial overhead cost is used as an argument that society must look more toward distance education as a cost-effective way of addressing the ever-growing demand for higher education.
- Student Satisfaction. Data for student satisfaction are typically collected by survey methodology. The survey is usually (but not necessarily) conducted on graduating students.

- Employment Indicator. The employment indicator is also determined through surveys. In the case of on-campus students, the issue generally is whether they have found employment after graduating, whether the employment they find is related to their university work, and how well their university education serves them in the world of work.
- Employer Satisfaction. Employer satisfaction as an indicator reflects a focus directed at the colleges and universities. Typically it reflects formal and informal feedback from employers of alumni and students.
- Research Indicators. Research indicators have not proven to be an issue at this point in time within some states, yet it is an important PI when considered within the context of transparency and information dissemination. This is particularly pertinent when there is a major state commitment to research.

For institutions that have a lesser research mandate but have the usual teaching and service roles, the question often arises as to how they should be measured. Because such institutions—often referred to as regional or comprehensive institutions of higher education—are primarily undergraduate teaching institutions with limited programs and small faculty complements, expectations regarding research intensity must necessarily be scaled down appropriately. How this is decided and what benchmarks are reasonable are important, but as yet unresolved, questions.

It should be understood, however, that at regional or comprehensive colleges and universities having “research” or “scholarship” as part of their mission statement, there is a commitment to research and development that advances the state of understanding and practice within their programs of study as well as in the advancement of application in their fields of expertise. It can be argued that their specialized contributions should count as a measure of their institutional performance.

- Community Service and Economic Impact. Community service has traditionally been considered part of the mandate of higher education. However, describing community service, let alone measuring it, has proven to be difficult in practice. The compromise in some states has been to determine and report the economic impact of an institution or system on its local community or state level. The methodology is based on determining the amount of local expenditures that can be attributed to higher education. The greatest portion of this expenditure is derived from the operating revenues of the university.⁸²

HOW PERFORMANCE INDICATORS ARE USED

A useful (albeit less than definitive) characterization of performance indicators is according to their primary use. For example, Kaufman argues that performance indicators should be *linked to specific processes or activities* because such a link is essential to determine whether a process or method is performed correctly. The relevance of this view to conventional classroom instruction is arguable—as evidenced by the prolonged debate over how to improve teaching and reengineer university curricula.⁸³

⁸² Adapted from Doug Shale and Jean Gomes, “Performance Indicators and University Distance Education Providers,” *Journal of Distance Education*, vol. XIII, no.1, Spring 1998.

⁸³ R. Kaufman, “Preparing Useful Performance Indicators,” *Training and Development Journal* (September 1988): 80-83.

An alternative view of performance indicators is to use them *to guide institutional resource allocation and institutional planning*. Typically, performance indicators at this level condense detailed operational data into simpler, summative measures that derive much value-added information because of their more direct relationship to a specific organizational context.

A third view of performance indicators is their role in *addressing issues of political accountability and funding priorities*. Dochy, Segers, and Wijnen characterize performance indicators in this context as a “public sector surrogate for the information generated elsewhere by the market system.”⁸⁴

Inherent in this concept of performance indicators as accountability measures is a sense of expectation of what educational institutions are supposed to do, how they do it, and how efficiently and effectively they function. However, institutions providing collegiate education have consistently had to contend with ill-defined, often inconsistent expectations that vary according to the audience to be addressed. Even within the walls of the academy, there is considerable ambiguity about the role of universities in our modern world. This state of affairs is complicated because of the various stakeholders served by higher education (with their differing expectations) and the fact that most colleges and universities are funded to varying degrees with public money (which implies another complicated set of expectations).

Without a state policy framework within which the indicators are to be collected and used, their utility is questionable and they are usually simplistic and convenient measures that may bear no relationship to the performance of colleges and universities, particularly as they may relate to state expectations and/or stated goals. Clearly it is important that the performance indicators used should be subject to informed interpretation and judgment.

Even to the extent that expectations can be clarified and agreed on, there is still the considerable challenge of formulating an appropriate measurement and obtaining the requisite data. In many instances, some sub-optimal or proxy measure must suffice. Often there is just plain disagreement about what expectations are reasonable and how best to measure any given expectation. When governments, policy-making bodies, the institutions themselves, and sometimes miscellaneous other agencies are involved, formulating performance indicators and obtaining measures for them becomes a political process. As a result, there are not necessarily absolutes with regard to the formulation and measurement of performance indicators in the public accountability context. That said, at least so far as conventional universities are concerned, there does seem to be a surprising commonality in practice.

This paper addresses only performance indicators for two reasons. One is that each level of interest—i.e., state, system, or institutional, as described here—requires its own detailed treatment of performance indicators because of their context-dependent nature and the fact that they can vary greatly according to the general purpose they are meant to serve.

The other reason is that institutions of higher education have had to respond to pressures of “political accountability and funding priorities,” and the process whereby the indicators have been arrived at and the specific form they have taken have both been shaped by these pressures. As we see from an examination of these PIs, the pressures of “political

⁸⁴ F. J. R. C. Dochy, M. S. R. Segers, and W. H. F. W. Wijnen (eds.), *Management Information and Performance Indicators in Higher Education: An International Issue* (The Netherlands: Van Gorcum, 1990), 48.

accountability and funding priorities” have led to an emphasis on measuring input and—to a lesser degree—outcome, not process.

Performance indicators and related measures are only a necessary first stage in assessing institutional performance. There remains the issue of deciding what meaning and implications should be attached to the numerical values. This takes us into the realm of “benchmarking” (in the sense of performance standards). Benchmarking presents generic problems for higher education: with what do we compare a given measure and how much of a difference is significant?

REASONS FOR INTEREST IN PERFORMANCE INDICATORS

Interest in performance indicators for higher education has been growing, not only in the United States but also in many other countries. This interest has been driven by a number of pressures, such as:

- to add to the information that prospective local and international students, their parents, school counselors, and others can use in guiding their choice of institution for enrollment;
- to compare characteristics and performance across institutions in order to inform future developments in the delivery of education services;
- to provide greater transparency in the way the higher education sector operates;
- to illustrate the diversity of higher education institutions;
- to contribute to public accountability of funds; and
- to assist the future development of higher education policies.

Indicators can provide a measure of the common features of higher education institutions as well as their diversity. They also can reveal a number of aspects of the student experience at higher education institutions and assess the performance of institutions in several areas that are relevant to the core purposes of higher education institutions. Other indicators, particularly those related to the financial performance of institutions, attempt to gauge the resources available to them.⁸⁵

CONSIDERATIONS IN THE SELECTION OF A STRATEGIC SET OF STATE-LEVEL INDICATORS

When formulating the development of strategic indicators within a state accountability system, the typical objective of states and their institutions of higher education is to use indicators to influence higher education development and performance towards change in agreed directions. If strategic indicators integral to accountability systems are put in place, strategists believe they will directly and indirectly:

⁸⁵ See “Characteristics and Performance Indicators of Higher Education Institutions,” Department of Education, Science, and Training, Australia, 22 August 2001, <<http://www.dest.gov.au/archive/highered/statistics/characteristics/contents.htm#top>>; “Performance Indicators in Higher Education in the UK,” Higher Education Funding Council for England, United Kingdom, Report Number 99-66, December 1999, <http://www.hefce.ac.uk/pubs/hefce/1999/99_66/default.htm>.

- reiterate the core elements of the vision articulated as the *raison d'être* for the accountability system;
- support improved quantitative reporting of higher education performance;
- focus attention on the interpretation of indicator data and improve understanding of the conclusions that can be drawn from data; and
- encourage and support informed policy and action toward the vision.

Deciding on an indicator framework is complex enough in any setting, but the selection of indicators appropriate at state level involves particularly complex political, technical, and practical issues.

Though there are many stakeholders in higher education, it is essential to treat policy-makers and administrators as the principal audience, for these are the people who have the authority and the means to encourage and support effective data collection, analysis, and policy-making at both system and institutional levels. A normative set of values for the chosen indicators should be clearly articulated in the set of principles that guide a state's accountability system and reflect policymakers' and educational leaders' vision for it.

Ideally, the indicators would share the virtues below. It is highly unlikely, however, that individual indicators will meet each of these requirements, and those involved in the development of a state's accountability system will need to consider where compromises are necessary.

Specific considerations have been articulated by Richard James for UNESCO Member States.

- The indicators should be sufficiently provocative and relevant to encourage the commitment of resources to monitoring and action. They should therefore correspond with widely shared state and institutional values and priorities.
- They should be capable of definition that is meaningful across state and system differences, without excessive caveats, and must be applicable in mission-differentiated systems or institutions.
- They should measure state-level qualities rather than institutional-level qualities; however, they should be sufficiently relevant at the institutional level as well.
- They should be easy for all constituencies to interpret.
- They should be detailed enough to detect small developments over time. They also must be stable over time to allow continuity of measurement.⁸⁶

The above reflect lessons drawn from international and national experiences in order to improve quantitative reporting on the performance of higher education.

CRITERIA FOR EFFECTIVE PERFORMANCE INDICATORS

In practice it can be difficult to devise a performance indicator that fulfils all of these. Many PIs are likely to score less well in one or two criteria. Less-than-perfect indicators can, however, represent a valid starting place if refinements are carried out when more insight into the area is

⁸⁶ See Richard James, *Suggestions on the Selection of Strategic System-Level Indicators to Review the Development of Higher Education, 2001*, <http://www.cshe.unimelb.edu.au/pdfs/UNESCO_CEPES.pdf>, 4-5.

gained. What is crucial, however, is that the indicator is developed in the context of clearly identified users and use, and is thus fit for the purpose. There are a number of general characteristics of performance indicators that can help to ensure that proposed indicators will be useful and effective.⁸⁷

Relevant

Indicators should be relevant to the organization; for example, performance indicators should relate to the strategic goals and objectives of the organization or of a specific service area. Such an approach will also limit the risk of setting up PIs just because data are available, rather than to meet a need in the organisation.

Indicators also should ideally be relevant to the people providing the data. The danger is that if an indicator is not seen as relevant, they will not bother to collect the information accurately. Relevance to the user of the PI is also important, but it may not be possible for a single indicator to be relevant to all users due to the differences in perspectives and interests. One possibility is to conduct a stakeholder analysis and accordingly target the performance information on the various groups and their respective needs.

Clearly Defined

A PI should have a clear and intelligible definition in order to ensure consistent collection and fair comparison. Vague descriptions can lead to misinterpretation and confusion. Care should be taken to avoid making the definition too complex, so that people have difficulty in collecting the information. Definitions that are too restrictive or too broad may also create problems. Overly narrow definitions may make it difficult for some of the data providers to deliver the information, while overly broad definitions could allow for a number of different ways of counting what is being measured, thus making comparison difficult.

Some of the data used to calculate a PI might already be defined and collected by other agencies. Using an existing definition can be helpful in ensuring consistency. Care should also be taken to avoid a definition that is close to, but different from, an existing definition, which could duplicate the effort involved in data collection and lead to confusion.

Easy to Understand and Use

It is important that indicators are described in terms that the user of the information will understand, even if the definition itself has to use technical terminology. Indicators focused on the public should avoid management jargon or abstract concepts, for example using “full-time equivalent staff numbers” in a comparison where “staff numbers” would be more understandable.

Comparable

Indicators should ideally be comparable on a consistent basis both between organisations and over time. The first ideal can be difficult to achieve due to differences in data standards,

⁸⁷ On this topic, see Library of Local Performance Indicators, “A Guide for Developing Performance Indicators,” <<http://www.local-pi-library.gov.uk/thelibrary.html>>, 2.

collection methods etc., and will depend on well-thought-out, agreed-upon definitions. The second ideal, comparison over time, is often easier to achieve, as many aspects of a service will not change, or will change only slowly. But in this case as well, the way data are measured and collected within an organisation may change even if the service itself does not.

An essential aspect of the comparability of performance indicators is the inclusion of the context within which the comparison is taking place. External or internal circumstances can differ to such a degree that comparison is invalid.

If indicators are not directly comparable, one possible solution could be to standardise data. For example, numerical ratios can be used to level out demographic differences between areas (for example, spending per person over 75). However, to create such ratios demands good and detailed information for the denominator. An alternative may be to disaggregate data, to separate the components that can be compared from those that would distort results. Decomposing data in this way may increase the number of indicators, but could be necessary to obtain usable comparative data.

Verifiable

The indicator also needs to be collected and calculated in a way that enables the information and data to be verified. The indicator should allow aggregation and disaggregation of the data so recalculation can take place, and, if appropriate, a description should be available of the statistical techniques and sampling methods used. The indicator should be based on robust data collection systems, and it should be possible for managers to verify the accuracy of the information and the consistency of the methods used. This stresses the importance of good internal quality controls in different levels of the organisation. External reviews, for example in the form of external audits and inspections, should ideally complement these internal control processes.

Evidence, preferably documentary evidence, must be available for all indicators so that they can be verified. Documentary evidence can also add weight to a qualitative (yes/no) indicator for which there may be little other evidence.

Cost Effective

Another important criterion is to balance the cost of collecting information with its usefulness. Where possible, an indicator should be based on information already available and linked to existing data collection activities. Managers are likely to have already assessed the costs and benefits of using the PIs for managing their services, so such indicators should inherently be cost effective. When a new indicator is needed, it should be designed to minimize the burden of assembling the information on an organisation and its employees. This will almost inevitably involve some degree of trade-off between the costs of collection and analysis of information, and the ideal PI. Obsolete indicators should be discarded to keep the costs of data collection to a minimum.

Unambiguous

It should be clear whether an increase in an indicator value represents an improvement or deterioration in service. A change in an indicator should be clearly and unambiguously interpretable, and indicators should be designed and measured so that improvement in the

indicator is possible only through an improvement in the service. Setting a target can often be helpful in reducing ambiguity.

Attributable

Service managers should be able to influence the performance measured by the indicator (that is, it should either be totally within their control or at least open to significant influence). If this is not the case, the incentives for making an effort to improve performance will diminish, and the performance indicators may be regarded as unfair and discourage staff and managers. Cross-cutting issues can present particular problems, where managers must accept joint responsibility for performance.

Responsive

A performance indicator should be responsive to change. An indicator where changes in performance are likely to be too small to register will be of limited use. This can be the case particularly with qualitative (yes/no) indicators, as progress towards achieving a “yes” is not captured. This problem can sometimes be overcome by using a number of “yes/no” indicators together to give a picture of progress, or by converting a yes/no indicator to a numerical one by asking what proportion of the processes meet the “yes” criterion.

Able to avoid perverse incentives

When constructing a performance indicator, it is important to consider what behavior an indicator ought to encourage. Indicators that might encourage counter-productive activity should be avoided if possible. Examples are PIs that encourage staff or managers to shift problems over to other organizations or areas not being measured or to allocate disproportionate resources to activities because they are being measured. PIs should not be open to easy manipulation, and use of several counterbalancing indicators will sometimes be necessary to discourage such behavior.

Allowing for innovation

The definition of an indicator ought not to deter organizations from developing innovative processes or coming up with alternative methods, systems, or procedures to improve service delivery. PIs should ideally be constructed to allow and encourage such innovation to take place. Indicators that focus on outcome and user satisfaction are more likely to do this than indicators that are tied into existing processes.

Statistically valid

Indicators should be statistically valid. Performance indicators based on a small number of cases are likely to show substantial annual fluctuations. In these instances, it should be considered whether a performance indicator is the right method for gauging performance development or whether a larger sample size is possible.

Timely

The PI should be based on data that are available within a reasonable time-scale. This time-scale will depend on the use made of the data. Some data are collected on a weekly or even daily basis, as they are needed in the operational management of the service, whereas others are available once a year for more strategic and long-term purposes. Organizations need to be aware of the risk of basing decisions on data that are out of date and no longer accurate.

ISSUES THAT ARISE

When states consider the range of possibilities for a set of indicators to be developed or incorporated into a state accountability system, there are several issues that most often come into play. Since typically there are cost considerations associated with the implementation of an accountability system, as well as policy and technical issues, states often consider what already is “in play” along with what policy issues are to be addressed. These issues undoubtedly include the following matters.

Are existing datasets capable of adequately representing the vision?

All else being equal, it would be best if the recommended indicator set could be derived directly from readily available sources, or at least be extractable from existing datasets. However, there may be no data in many important areas and tenuous links between goals and existing data in others. If the project's recommendations were to be limited to available data, then the project might fail in its main purpose—that is, to be strategic. It is probably unavoidable that at least some indicators will require the collection of new data. This action—collecting new data—would be a highly strategic step for the project to take, one which corresponds with an objective of assisting the state and institutions to improve the reporting of higher education through the development of data definitions and collection processes. Cost, for data collection and its analysis, must clearly be considered.

What about the aspects of the state's accountability system that are not quantifiable?

The task would be more straightforward if all the goals expressed by the state were clearly articulated as well as quantifiable. However, core elements of a state accountability system for higher education may not be quantifiable. For example, commitments to academic freedom and institutional autonomy are of significant concern to all who value the role and responsibilities of higher education as it relates to society at large as well as its relationship to government. The conditions required for these freedoms are exceedingly difficult to quantify. Yet omitting such values and goals from a state's accountability framework on the grounds that they can only be assessed qualitatively would seriously damage the relevance of the system and weaken its vision. At least a small number of qualitative indicators requiring subjective measurement and reporting may therefore be necessary.

How can the project support the appropriate and effective interpretation of indicators?

In addition to the specification of indicators, the state accountability system may find it beneficial to consider developing a support framework that includes recommendations for indicator interpretation within systems and institutions. Better yet, the framers of the system may consider making such a framework part and parcel of the overall state accountability system prior to its implementation to ensure consistency and continuity in the system's implementation. Provisions should be considered also to review and adjust the system periodically, e.g., every 3 to 5 years, to ensure the relevancy of the indicators for the accountability system goals. Usually, it is helpful to suggest how an indicator might be interpreted and used; equally, it can be helpful to indicate how an indicator should not be used.

Arguably, an indicator is only useful if it allows performance to be charted over time or the establishment of benchmarks against comparable systems/organizations or a baseline against itself. At the least, the accountability system assumes comparison against self over time: it is anticipated that policymakers and educational leaders will monitor their development by looking for trends in their own indicator data. A potentially valuable additional outcome would be a framework for appropriate comparison with *like* partners. With appropriate supporting qualitative investigation and analysis, comparison of this kind might identify particularly effective policies and actions. Any comparative work must of course acknowledge contextual differences and expertise in comparative analysis would only be developed over a considerable period of time.⁸⁸

SELECTED PERFORMANCE MEASURES IN OTHER STATES AND COUNTRIES

Several states have undertaken efforts to initiate, develop, and refine the performance indicators that they believe are closely aligned not only with the goals and objectives that the state has for its institutions of higher learning but also in the improvement of performance measurement of their colleges and universities. Appendix A contains approaches underway in several selected states—Connecticut, Illinois, Oregon, Texas—relating to performance indicators and/or approaches underway to advance the state’s accountability system for higher education.

A compilation of the performance measures used in 18 states for higher education in 2001 may be found in Appendix B. These measures could be used as part of performance funding, performance budgeting, or a performance reporting system. The measures used are divided into the categories of quality, access, competitiveness, and utilization, with subcategories to group like measures together. Appendix C describes performance measures developed in the countries of Australia and England.

CONCLUSIONS AND RECOMMENDATIONS

Higher education—as well as other public and private entities in society—is increasingly being called upon to provide “evidence” of its effectiveness and efficiency. Convinced that colleges and universities will have to do more with less, policy makers in most states are trying to promote change by introducing new accountability measures designed to increase efficiency and raise productivity. Many stakeholders also are promoting measures to not only hold higher education accountable but also to ensure that information is easily understood, transparent, and responsive to concerns about quality and productivity.

Governments—at both the state and national levels—and policy makers see performance indicators as a means by which to evaluate accurately the performance of the higher education system and its component institutions. However, pressure for improved performance is escalating at the same time that resources are decreasing and demands are increasing.

How does one determine the appropriate focus and content of performance indicators? Ideally, indicators should be able to serve both external and internal management and effectively as well as adequately reflect sound governance of the higher education system. Accordingly, when developing performance indicators, the goal should be “to find an appropriate balance

⁸⁸ See James, “Suggestions,” 6-7.

between external demands and institutional autonomy while ... [engendering] public credibility and improving internal processes.”⁸⁹

To this end, it is important to avoid setting any unnecessary restrictions upon the indicator selection process, for fear that doing so will impede the system’s ability to obtain the information that is being sought. For example, as Neal points out, “If the selection of indicators is constrained by the need to identify primarily statistical or readily available data, they may simply be inadequate for addressing a particular concern.”⁹⁰

Perhaps most important, or as Ruppert points out, given that “performance indicators are expected to inform policy makers and educators about policy and practice and to point to the types of changes that will be appropriate and effective interventions,” it is essential that “performance indicators ... not only reflect, but help define and communicate the relevant goals.”⁹¹

With quality and quality assurance imbedded in the dialogue and discussions regarding higher education, the development of a quality culture within higher education needs to be escalated to a higher level than at present. A new urgency has been building in to improve the quality of teaching and learning, to ensure that research in research institutions is meaningful and uncovers new truths and that higher education is more transparent and forthcoming in its processes and achievements.

Performance Indicators are considered to be a part of the tool box intended to help develop higher levels of student performance and achievement, to enable better information and coordination within a state’s higher education system, and to support relevant state strategies and policies.

The following recommendations are intended to advance the relevant discussions, dialogue, and policy development.

Recommendation One

The articulation of policy goals to be realized by a state’s higher education system should be clear and conform to the unique characteristics of the state’s higher education enterprise, recognizing that there are different missions and purposes of the state’s colleges and universities.

Goals should be few in number and should be conceived and formulated with much care. To be effective, the goals must be supported by specific objectives pertaining to instruction, research, and service; these objectives serve as milestones along the way of the educational program that should be reached progressively if the state’s goals for higher education are to be realized.

⁸⁹ John Neal, “Overview of Policy and Practice: Differences and Similarities in Developing Higher Education Accountability,” *New Directions for Higher Education* 91 (Fall 1995): 8.

⁹⁰ Neal, “Overview,” 8.

⁹¹ Sandra Ruppert, “Roots and Realities of State-Level Performance Indicators,” *New Directions for Higher Education* 91 (Fall 1995): 13.

Clarifying basic policy goals and specific objectives requires the commitment of resources to them by the state according to a carefully planned prioritization of goals and expectations.

Clear and forceful statements of policy goals and objectives are valuable in terms of achieving effective higher education operations in the public interest, in several ways:

- They enhance public confidence in both higher education and the state, and unite it with the larger community in a common purpose and effort.
- They demonstrate the state's priorities in a manner that encourages confidence and credibility.
- They are essential to the evaluation of the state's priorities and resource allocations and can serve as a vehicle to evaluate the role and responsibilities of policy makers.
- They are essential to the evaluation of higher education's programs and to the establishment of principles and practices of higher education accountability.

Recommendation Two

The State, through a consultative process, should introduce a framework for the reporting of performance by individual institutions or systems, as applicable, which will provide a consistent approach to public performance reporting, while at the same time requiring accountability on an individual system or institutional basis, i.e., a consistent public reporting structure and standards for data collection and presentation. This framework should also eliminate multiple reporting requirements to allow the establishment of more efficient and simplified data collection practices in the state's higher education system.

The States, through their elected officials, the public, and multiple stakeholders, are increasingly demanding that public organizations such as higher education undertake their functions in the most economical, efficient, and effective manner. This requires higher education and those entities engaged in coordination, governing, or oversight to provide meaningful and useful information on their performance and the achievement of desired outcomes.

Performance indicators, as the term itself suggests, are not an exact measure of achievement, but rather provide an indication of entity performance. To be useful to members of the Legislature, government officials, the public, and other stakeholders, performance indicators must exhibit certain characteristics: appropriateness, relevance, accuracy, timeliness, completeness, and comprehensiveness. They should focus on the primary purposes of the institution or system of higher education. And they should concentrate on effectiveness and efficiency.

Recommendation Three

Those stakeholders entrusted with and engaged in the development of Performance Indicators should advance the underlying philosophy that measurement provides a means of capturing performance data which can be used to inform decision making.

Equally important is that people respond to performance measures and modify their behavior to ensure positive processes and efforts to provide sound stewardship of resources and strategies. The key issue in designing measures of performance is then to match it to the organizational context. They should provide feedback and be part of a closed management loop.

Recommendation Four

All aspects of the performance evaluation system should be open to public scrutiny.

If the performance evaluation system and its consequences are to secure and maintain an acceptable degree of public legitimacy and accountability—that is, to ensure that the general public supports and is satisfied with the system and its consequences—then all aspects of the system itself must be open to public scrutiny: the system must be *transparent*. Transparency in the system's operation will also help to promote and ensure an impartial process.

Securing public legitimacy and maintaining public accountability, however, will require more than simply making the system transparent—one must do more than just make information available to the public. Information is virtually useless if it is incomprehensible. Hence, given the diversity of stakeholders associated with the higher education system, the information made available to the public should be presented in a manner that reflects and accommodates the diversity of abilities that could normally be expected to characterize such a vast, heterogeneous audience.

Recommendation Five

As the state's expectations for its system of higher education are articulated in a public agenda, a process should be undertaken to ensure that Performance Indicators are developed consistent with those expectations. Likewise, in a state having multiple governing bodies within its higher education system, the governing board should establish a core set of indicators consistent with its mission and goals, demonstrating the system's accountability; campuses should create institution-specific accountability indicators reflecting their specific missions.

This recommendation is based on the premise that a state's interest in an accountability system for its system of higher education is reflected in great measure through a higher education governance system. To minimize or circumvent the governance system established as a part of public policy is not only disrespectful, it is intrusive and minimizes the role of the governing bodies. Thus, Performance Indicators should be established through a process that is respectful of the governance system but also recognizes that policymakers should be interested in the state's system of higher education as a whole and not intervene in individual campus indicators. Rather, segments of a state's higher education system, through their governing bodies, should have performance indicators consistent with their mission and should provide governing boards with the desired segmental profiles. At the individual campus levels, a similar process should be established to ensure that the campus performance is advancing in a way that provides needed information to its leaders and to the campus community itself, as well as to its primary stakeholders.

Recommendation Six

A process should be undertaken to review the suitability of accountability measures and to take into consideration new interests and changes in public policy focus concerning higher education at the state, system, and campus levels. The review process should be undertaken no less than every 2 years and no more than every 4 to 6 years, depending upon budgetary and policy processes extant within a state. However, accountability indicators should remain constant between the periodic reviews.

The above recommendation is intended to be consistent with a state's budgetary and policy cycles. These are generally a 2-year cycle, at a minimum. Some states may choose to provide a minimum period of continuity with the established set of indicators while ensuring flexibility in the adaptation or elimination of existing indicators once they have been established.

APPENDIX A

ILLUSTRATIVE STATE PROGRAMS

Connecticut

Higher Education Counts is an annual accountability report about Connecticut's state system of higher education. As required under Connecticut General Statutes Section 10a-6a-b, each constituent unit of higher education must submit an accountability report to the Commissioner of Higher Education each year by January 1st. The Commissioner, in turn, is charged with compiling and transmitting a consolidated accountability report to the Joint Standing Committee on Education by February 1st. The report must contain accountability measures that have been approved by the Board of Governors, and performance improvement targets that address six state level goals as defined by statute. The measures reported are designed to provide external constituencies with answers to some basic questions about the return on their investment in Connecticut's higher education system:

Goal 1: To enhance student learning and promote academic excellence

- What portion of college-bound students choose to stay in Connecticut?
- Are graduating students adequately prepared to succeed in their professions?
- Are students satisfied with their higher education experience?

Goal 2: To join with elementary and secondary schools to improve teaching and learning at all levels

- To what extent are Connecticut's public colleges connected with K-12 schools?
- How successful are early intervention programs in preparing and enrolling underachieving students for college?
- Are alternate routes to teacher certification working?

Goal 3: To ensure access to and affordability of higher education

- Are Connecticut's public colleges becoming more or less affordable to state residents?
- Do minority participation rates mirror minority proportions in the state population?

Goal 4: To promote the economic development of the state to help business and industry sustain strong economic growth

- How well are Connecticut's colleges doing in meeting the workforce demands of the state?
- How does Connecticut compare to other states on external revenue generation and new patents and inventions?

Goal 5: To respond to the needs and problems of society

- To what extent are higher education resources devoted to public service and community outreach?
- To what degree do Connecticut's colleges meet the clinical services needs of the state?

Goal 6: To ensure the efficient use of resources

- How does the real cost of educating a student compare to peer institutions?
- To what extent do public college students graduate in a timely manner?

Reporting Framework

The structure of the state accountability report includes three levels of indicators:

1. *State-Level Indicators.* Measures which relate to the overall system of higher education. These indicators are intended to give a broad picture of how Connecticut higher education is performing overall, with particular emphasis on the public system as required by current legislation.
2. *Common Core of Institutional Measures.* A common set of ten indicators reported by all institutions. The purpose of the common core is to provide the reader with consistent definition and measurement on some indicators which have relevance across the system. These measures are not presented to encourage inappropriate comparisons among the constituent units. Since each unit has a distinct role and mission in providing higher education services to the state, data from a set of peer institutions is provided where possible for comparison and benchmarking purposes...
3. *Constituent Unit Specific Indicators.* Measures which highlight each constituent unit's unique role and mission within the state. These measures were developed by each unit and approved by the Board of Governors in 2002.⁹²

Illinois

Developing a system of performance indicators is a critical facet in furthering implementation of an accountability system for a state. In Illinois, the Board of Higher Education approved a methodology and process regarding the development and implementation of performance indicators at its December 2001 meeting. They are based on several guiding principles, including the following:

- The indicators will be directly linked to the goals of The Illinois Commitment.
- There will be three levels of indicators:
 - o *state-level indicators* related to Illinois' overall system of higher education;
 - o *"core" indicators* for all institutions; and
 - o *mission-specific indicators* related to each institution's unique role and mission within the state and nation.

⁹² "Higher Education Counts: Accountability Measures for the New Millennium," State of Connecticut Board of Governors for Higher Education, Department of Higher Education, February 2005.

- The indicators will be developed using existing/established data sources and reporting activities to the extent possible.
- The state-level and "core" institutional indicators will be developed through a highly consultative process.
- Each institution will have responsibility for developing and proposing its own goals for each "core" and mission-specific institutional indicator.⁹³

Oregon⁹⁴

The Oregon University System tracks performance at its seven universities in order “to monitor improvement and examine trends that may affect higher education in the state.” These results are communicated to the Legislature, campuses, and the public to raise awareness about the value that public universities add to Oregon. As one component of the OUS Accountability Framework, performance measurement includes *Key Performance Indicators* (KPIs), which are reported in two ways:

- *Campus measures*, which include 12 common institutional indicators, plus 2 additional custom indicators selected by each university; and
- *Agency measures*, required by the Oregon Department of Administrative Services, which include the 12 KPIs, plus 13 additional measures, for a total of 25 measures, reported as systemwide results.

Performance measurement is considered critical to determining if OUS is achieving the broad System goals of access, quality, employability, and effectiveness through campus initiatives and strategies.

Oregon Campus Measures

The Oregon University System (OUS) tracks campus or institutional performance for twelve key performance indicators that reflect the state's four broad goals for public higher education:

Access

- Total Unduplicated Headcount: Undergraduate & Graduate Enrollment
- New Undergraduate Enrollment: First-time Freshmen & Transfers

Quality

- First-time Freshmen Persistence Rate
- First-time Freshmen Six-Year Completion Rate
- Recent Bachelor's Graduate Satisfaction
- Average Faculty Compensation
- Research and Development (R&D)
- Philanthropy

⁹³ “Performance Indicators,” State of Illinois Board of Higher Education, December 2001, <<http://www.ibhe.org/PerformanceIndicators/default.htm>>.

⁹⁴ Oregon Progress Board, “Oregon Benchmarks,” <<http://egov.oregon.gov/DAS/OPB/obm.shtml>>.

Employability of Graduates

- Total Degree Production
- Oregon Shortage Area Degree Production
- Recent Bachelor's Graduate Success: Employment & Continuing Education
- Internships

Institutional Cost-Effectiveness

- Research and Development (R&D)
- Philanthropy

Oregon Agency Benchmarks

Agency performance measure reports reflect progress against a set of "key" performance measures, which gauge progress on important aspects of each agency's mission and work. Oregon Benchmarks provide the context within which state agencies operate. Where agency work aligns with benchmarks, performance measures represent the stepping-stones an agency uses to contribute, either directly or indirectly, to achieving benchmark targets.

Performance measures are also selected for a variety of other reasons, including legislative requests and public input. During the state legislative process, legislators may specify changes in an agency's measures. And as shown in the "Managing for Results" section of these reports, some agencies select performance measures based on public input.

These reports focus on externally reported performance measures only. Agencies may use additional measures not found in these reports as well.

Overview of Oregon Benchmarks

Oregon Benchmarks measure progress towards Oregon's strategic vision, *Oregon Shines*. Its goals are three-fold: 1) quality jobs for all Oregonians, 2) safe, caring, and engaged communities, and 3) healthy, sustainable surroundings. Benchmarks are organized into seven categories: economy, education, civic engagement, social support, public safety, community development, and environment.

These measures help to provide a long-term perspective in solving economic, social, and environmental problems. In addition, Oregon Benchmarks are used for a broad array of policymaking and budget-related activities. Oregon state agencies are required to link their key performance measures to them. Student achievement benchmarks are the cornerstone of Oregon's educational reform initiatives. State and local planning processes, like Oregon's innovative Partners for Children and Families program, use benchmarks to focus collaborative efforts. County governments and community organizations use benchmarks to help gauge their progress.

Texas

The *Texas Higher Education Accountability System* was established on January 22, 2004, when Governor Perry issued Executive Order RP 31 requiring the Texas Higher Education

Coordinating Board (THECB), each institution, and the system as a whole to work together to provide “the information necessary to determine the effectiveness and quality of the education students receive at individual institutions” as well as “the basis to evaluate the institutions’ use of state resources.”

The Texas Accountability System for public higher education provides data for 35 public universities, nine health-related institutions, the four Texas State Technical Colleges, and three two-year Lamar State Colleges. The state’s two-year colleges will be added to the System in 2005.⁹⁵ The System currently has three essential components:

- **Key Accountability Measures.** A small number of key accountability measures were identified for each goal. There are five categories of accountability measures (Participation, Success, Excellence, Research, and Institutional Effectiveness and Efficiencies) for the general academic and two-year institutions. Health-related institutions include an additional area for patient care.
- **Contextual/Explanatory Measures.** Additional measures are included to help place the key accountability measures in context and/or to better describe the efforts of each institution.
- **Institutional Explanation and Description.** Each institution was given the opportunity to provide further information or explanation. Each institution was also given the opportunity to add one or two additional measures.

Institutions have been grouped for “like” comparisons. The groups will be *neither permanent nor prescriptive* and will be reviewed every two years to reflect institutional changes as well as changing higher education needs. Each group agreed on group targets for 10 of the key accountability measures.

In most cases, group targets are set as a percentage increase/decrease by Fall 2007 from the current level of each institution in that group. There are a few exceptions in terms of the way these goals are quantified:

- Graduation rate is percentage point increase;
- FTE Student/FTE Faculty is point decrease;
- Space utilization is hours per week;
- Health-Related Institution certification pass rates are set to a standard.

Each institution’s progress will be calculated annually and targets will be reviewed by the groups in the spring prior to each Legislative session.

⁹⁵ For the delineation of measures used and how they are defined in the state, see “University Accountability Measures and Definitions,” <http://www.txhighereddata.org/Interactive/Accountability/UNIVS_MeaDef.pdf>, which includes a breakdown for each category of institution within the system.

APPENDIX B

PERFORMANCE INDICATORS USED IN SEVERAL STATES

The following is a compilation of the performance measures for higher education used in 18 states.⁹⁶ These measures could be used as part of performance funding, performance budgeting, or a performance reporting system, and they are categorized in terms of quality, access, competitiveness, and utilization.⁹⁷

Measures of Quality used to Evaluate Higher Education Performance

Student Quality

Entering students

- GPA, AP exam, SAT/ACT scores by race and gender, and number of valedictorians
- Number or percent of students needed remedial and developmental courses
- Number and percent of students who completed the college-preparatory curriculum

Graduating students

- Proportion demonstrating written communication and quantitative skills
- Student performance on assessments of general education and in major fields of study.

Faculty Quality

- Percent of faculty full time
- Percent of classes taught by full-time tenured faculty
- Number of articles published
- Teaching load
- Number of complaints of unethical/unprofessional conduct
- Number of allegations of illegal practice referred for prosecution
- Number of patents, prestigious faculty awards, and research expenditures per faculty member
- Academic credentials of faculty
- Availability of faculty to students
- Post tenure review of faculty
- Performance review of faculty
- Student credit hours by full-time faculty

Facility Quality

- Student opinions of facility quality

⁹⁶ States include California, Connecticut, Florida, Idaho, Maryland, Missouri, Nebraska, New Jersey, New Mexico, New York, North Carolina, Ohio, Oregon, South Carolina, Tennessee, Texas, Virginia, and Washington.

⁹⁷ For a good example of one state's specific breakdown, see "Measuring Performance in Higher Education," State of Tennessee, Staff Report, February 2001, 35-37.

Program Quality

- Passage rates on licensure and certification exams
- Class size and student/teacher ratios
- Proportion of programs accredited

Institutional Quality

- Persistence rates to graduation (4-yr students, 2-yr students, disabled students, transfer students)
- Retention of new, first-time, full-time degree seeking students.
- Student satisfaction survey results
- Percent of business and non-business employers satisfied with competence of graduates
- Percentage of students enrolled in graduate school upon graduation from undergraduate school

Measures of Access Used to Evaluate Higher Education Performance

Pre-College Access

- High school drop-out rates by gender and ethnicity
- Race, ethnicity, gender, and geographic distribution of high school graduates completing the college preparatory curriculum
- Number of high school students identified as Limited English Proficient
- Rates of public and private high school graduation by geographic distribution

Access through Affordability

- Tuition and fees compared within the state and compared to national peers
- Amount of financial aid per undergraduate and graduate student
- Percent of tuition income from financial aid

Access of Underserved Populations

- Racial/Ethnic breakdown of first-time freshmen in the community college, public university, and private college systems
- Rates of application, acceptance, and attendance by race/ethnicity, by gender, and by geography in the university system at the undergraduate and graduate levels
- Number and proportion of student population from minority groups at the undergraduate and graduate levels
- Percent of baccalaureate graduates who are first generation college students
- Percent of enrollment of disabled students

Access through Technology

- Percent of library users accessing library on-line
- Distance education enrollment

Geographic Access

- Credits earned at remote locations/not on main campus
- Percent of student in county enrolled in community college

Overall Access

- Amount of increase in number of students served
- Several measures regarding ease and frequency of transfers

Measures of Competitiveness Used to Evaluate Higher Education Performance

Student Competitiveness

- Percent of graduates remaining in the state
- Salaries of graduates
- Percent of graduates who obtain jobs in their field
- Proportion of graduates employed within one year of graduation

Institutional Competitiveness

- Research funding compared within the state and compared to national peers
- Cost and revenue compared to the nation
- Per capita costs of educating students within the state compared to other states
- Number of out-of-state students enrolled and number of students from the state who go out of state to college
- State and local support of higher education compared to nation
- Amount of merit-based aid

Economic Competitiveness

- Change in state's productivity relative to the U.S. average
- Change in the average wage and per capita income compared to national averages
- Number of engineering, technology, computer science, mathematics, and science degrees awarded
- Number of teaching degrees awarded in needed subject areas

Measures of Utilization Used to Evaluate Higher Education Performance

Utilizing Links to K-12

- Percent of graduates employed as teachers
- Collaborative activities between universities and public schools
- University volunteerism in public schools
- Proportion of education students incorporating research into coursework
- Teacher education degrees awarded in current shortage areas
- Financial support for reform in teacher education

Utilizing Links to Business

- Number of partnerships with business-through internships, research, clinical placements
- Shared use of technology, supplies, equipment, and programs with business

Utilizing Links to the Community

- Amount of public service by faculty and student groups, as well as through publications

Efficiently Utilizing the Postsecondary Institutions

- Percent of students graduating with 115% of degree requirements and average credit hours earned by graduates
- Undergraduate graduation efficiency index-number of credits earned, dropped, repeated, transferred, and required for graduation
- Space utilization rates of classrooms and labs
- Use of best management practices
- Financial expenditures in many different ways
- Enrollment in non-degree, non-credit courses
- Elimination of administrative and academic duplication

APPENDIX C

SELECTED PERFORMANCE MEASURES IN OTHER COUNTRIES

As stated at the outset of this paper, interest in performance indicators for the higher education sector has grown not only in the United States, but also in other countries. This interest has been driven by a number of pressures, such as:

- to add to the information that prospective local and international students, their parents, school counselors, and others can use in guiding their choice of institution for enrolment;
- to compare characteristics and performance across institutions to inform future developments in the delivery of education services;
- to illustrate the diversity of higher education institutions; and
- to contribute to public accountability of a large element of Government funds and assist the future development of higher education policies.

The indicators provide a measure of the common features of higher education institutions as well as their diversity. They also reveal a number of aspects of the student experience at higher education institutions and assess the performance of institutions in several areas which are relevant to the core purposes of higher education institutions. Other indicators, particularly those related to the financial performance of institutions, attempt to gauge the resources available to institutions.⁹⁸

Several countries around the globe have been engaged in the refinement of performance indicators in higher education to better address the pressures mentioned above. The efforts of two countries, Australia and England, are highlighted below.

Australia

The concept of performance indicators in Australia is well established. The first report on the subject, *Diversity and Performance of Australian Universities*, was produced and published by the Australian Department of Education, Science and Training in 1994.⁹⁹ It had 41 indicators covering year established, students, staff, and finance. It also included some analysis relating student unit cost to graduates per teacher, student unit cost to equity share of enrolment, and equity share of enrolment to positive graduate outcomes (employment or further study).

A following report, *Diversity in Australian Higher Education Institutions*, was more ambitious.¹⁰⁰ It contained some analysis of changes over time and contained 68 indicators, with considerably more data on finance as well as research.

⁹⁸ See "Characteristics and Performance Indicators of Higher Education Institutions," Australian (Commonwealth) Department of Education, Science and Training, <<http://www.dest.gov.au/archive/highered/statistics/characteristics/contents.htm>>.

⁹⁹ *Diversity and Performance of Australian Universities*, Australian Department of Education, Science and Training, Higher Education Series, Report no. 22, 1994.

¹⁰⁰ *Diversity in Australian Higher Education Institutions*, Australian Department of Education, Science and Training, Higher Education Series, Report no. 26, 1994.

The third report was yet more substantial. *The Characteristics and Performance of Higher Education Institutions* contained 360 indicators.¹⁰¹ It also included considerable analysis on the environment and institutional characteristics, a multivariate analysis that grouped similar universities and a methodological piece on how output indicators can be adjusted to account for the differences in student characteristics across institutions.

The approach taken in 2001 was different from previous years. With the further development of a higher education statistics database, the agencies involved produced a timely series of indicators. However, the amount of data was so large that it was not practical to publish them in a single publication. In addition, the timing of the collection of various series of data differs, so that it was feasible to update various indicators at different times of the year. To take advantage of more efficient and flexible systems, they have taken a multi-pronged approach in the presentation of the data.¹⁰²

The Australian performance indicators include data that relates to the following areas:

Student Indicators

- Students enrolled
- Actual student load (equivalent full-time student units, or EFTSU) for all students
- Type of enrollment
- Postgraduate students as a share of total students
- Overseas students (share of total students, %)
- Non-overseas HECS liable, fee-paying and non-award student numbers (share of non-overseas students, %)
- Basis for admission of non-overseas bachelor pass level commencing students (%)
- Median age of students by type of enrollment
- Equity groups as a share of non-overseas students (%)
- Female students as a share of non-overseas students by broad field of study (%)
- Number of broad fields of study in which undergraduate students are enrolled
- Number of broad fields of study in which postgraduate students are enrolled
- Separations-to-completions ratio for higher degree research students

Staff Indicators

- Number of staff
- Academic and non-academic staff as a share of all staff (Full Time Employees) (%)
- Higher level non-academic staff (levels 6-9) as a share of all staff (FTE) (%)
- Academic staff by current duties term as a share of all academic staff (FTE) (%)
- All staff by function as a share of total staff (FTE) (%)
- Academic staff by classification as a share of academic staff (FTE) (%)
- Female academic staff as a share of all academic staff by classification level (FTE) (%)

¹⁰¹ *The Characteristics and Performance of Higher Education Institutions*, Australian Department of Education, Science and Training, Occasional Paper Series 98-A, 1998.

¹⁰² The indicators are now being published in hard copy and on the web at <http://www.dest.gov.au/highered/statistics/outcomes/default.htm> and <http://www.dest.gov.au/archive/highered/statistics/characteristics/contents.htm>.

- Academic staff by age as a share of full-time and fractional full-time academic staff (FTE) (%)
- Academic and non-academic indigenous staff as a share of all staff (FTE) (%)
- Student-staff ratio by academic organizational unit group
- Remuneration per employee (\$)

Finance Indicators

- Operating revenues as a share of total income (%)
- Operating expenses items as a share of total expenses (%)
- Salaries and salary related costs as a share of total expenses (%)
- Expenses per EFTSU (equivalent full-time student units)
- Earned income as percentage of total income (%)
- Research quantum (research income and research publications)
- Research income
- Research publications
- Research completion rates

Research Indicators

- Higher degree research EFTSU as a share of total EFTSU (%)
- Research income per postgraduate research student (EFTSU) (%)
- Research income per research staff and teaching and research staff (FTE) (%)
- Research quantum as a share of Commonwealth Government grant (%)
- Research income as a share of Commonwealth Government grant (excluding RQ) (%)¹⁰³

England

Yet another country that has given considerable attention to performance indicators has been England. The Higher Education Funding Council for England (HEFCE) aims to maintain and develop its relationship with institutions by helping the higher education sector build stakeholder confidence through good practice.

Accountability mechanisms are considered to be important by the HEFCE where there are significant investments of public money. It believes that such accountability can normally be best secured through an institution's own systems of control and risk management. As such, the HEFCE is using this principle as it develops approaches to capital funding, rewarding and developing staff, and its audit activity.

In the United Kingdom (UK), there has been since the late 1990s an annual publication of performance indicators for higher education released by the HEFCE. The information relates to

¹⁰³ Australian Commonwealth Department of Education, Science and Training, "Higher Education Outcome Indicators,"

<<http://www.dest.gov.au/archive/highered/statistics/outcomes/default.htm>>; and "Characteristics and Performance Indicators of Higher Education Institutions,"

<<http://www.dest.gov.au/archive/highered/statistics/characteristics/contents.htm>>.

the 169 publicly funded higher education institutions (HEIs) in the United Kingdom. The indicators are intended to offer accurate information on the nature and performance of the higher education sector in the UK, contributing to greater accountability and more informed policy decisions. The indicators fall into five categories:

1. *access*, the percentage of entrants who attended a school or college in the state sector; the percentage whose parents' occupation is classed as skilled manual, semi-skilled or unskilled; the percentage whose home area, as denoted by its postcode, is known to have a low proportion of 18 and 19 year olds in higher education.
2. *non-continuation rates* beyond the first year at an institution;
3. *outcomes and efficiency of learning and teaching*, based on average time taken for students to obtain a qualification, taking account of repeat years and non-completion;
4. *module completion rates* (published only for Welsh institutions); and
5. *research outputs*.

Each institution is compared with a benchmark that takes account of the subjects taught, the entry qualification of the students, and the split between young and mature students. Young students are defined as those entrants aged under 21 at 30 September of their year of entry to the institution, and mature students as those entrants aged 21 or over.¹⁰⁴

A Preliminary Framework of Performance Indicators

Drawing on international and national experiences of quantitative reporting of higher education, Richard James of Australia identified for UNESCO a preliminary framework of indicators for consideration. Dr. James' effort was a direct response to the question:

What quantitative indicators could be chosen in order to review system-level development of higher/tertiary education in the context of the *World Declaration on Higher Education for the Twenty-first Century: Vision and Action* and the *Framework for Priority Action for Change and Development of Higher Education*?

James isolated four priority areas for system-level development in higher education, each with sub-categories, which reflect the areas in the *Priority Action Plan* for which indicators would be desirable. The four areas form a condensed framework for the *Priority Action Plan*.

1. Indicators of an Enabling Policy and Policy-Making Framework

- a. Accountable policy and decision-making framework, national and institutional
- b. Clear policies for higher education teachers
- c. Promotion and development of research
- d. Conditions for freedom and autonomy (institutional, academic, student)

¹⁰⁴ See the website for the Higher Education Funding Council for England, <<http://www.hefce.ac.uk/>>.

2. Indicators of the Commitment of Resources

- e. Fulfilled commitment of resources to higher education
- f. Increased cooperation between countries with regard to higher education and research, especially to reduce widening gap between industrially developed and developing nations
- g. Use of new technologies

3. Indicators of Appropriate Levels of Participation, Access and Retention

- a. Expansion of access
- b. Equity of access
- c. Provision of student support

4. Indicators of Economic and Social Outcomes

- a. Links between higher education, industry and graduate employment
- b. Promotion of international mobility
- c. Catalytic effects, on education systems overall and on local, regional and national development¹⁰⁵

There are four tables in the above referenced report that present the sub-categories of each of James' framework areas and list the elements of the UNESCO *Priority Action Plan* to which each sub-category relates.¹⁰⁶ The tables also include (very) tentative suggestions for indicators. Any obvious gaps are highlighted; they occur for priorities that are strongly process-oriented and where the existence of processes and outcomes are difficult to quantify. James made no attempt to offer precise data definitions. Nevertheless, the framework and its sub-categories are informative and illustrative of what an accountability system's indicators may look like based on international and national perspectives.

¹⁰⁵ James, "Suggestions," 7-8.

¹⁰⁶ James, "Suggestions," 9-13.

Data-Driven Decision Making

*Driven by growing accountability pressures, states and districts have invested in a variety of computerized systems for data storage, analysis, and reporting. As accountability policies demand access to more transparent and accurate data about every aspect of the education process, developing linkages among historically disparate systems is becoming more critical.*¹⁰⁷

INTRODUCTION

In this country's financial markets, there is a fixation on the monthly employment report from the United States Government. Tom Petruno, writing in the October 10, 2004, *Los Angeles Times*, argues that waiting for the job data is a waste: "It's time to move on. Time to find a new fixation, because the old one is on the verge of boring everyone to tears."¹⁰⁸

There has been a long tradition among professional money managers and analysts of thinking that one statistic can inform investors with everything that they need to know about the next big move in stock and bond markets. However, one number is rarely, if ever, the whole story on any subject in the financial market or in most areas of this country's multiple business and industrial entities.

So it is with higher education stakeholders who are looking for the "holy grail" of a single data measure that will provide the preeminent educational barometer for drawing a conclusion that higher education is performing well or is failing to deliver. There is a need to "get over it"—not to move on to another single indicator, but to recognize the need to draw on multiple sets of data that have meaning and relevance to forming an overall perspective on how well higher education is meeting stakeholder goals and objectives, including its own.

It is clear that the value and usefulness of performance data in general—to shape decision making, inform managers, focus organizational resources and communicate with legislators, public officials, and the public—is widely recognized across government and higher education. The availability of good data as well as competent analysis and utilization of the data are an integral and important component of any accountability system. Policymaking loses legitimacy in the absence of sound, factual data, as decisions are too often based on anecdotal or personal perception.

Further, without linking data to clearly articulated policy goals and objectives that are aligned with indicators of performance, most data will be interpreted with suspicion and reticence unless it reinforces an already held belief.

The idea of data-driven decision making raises many questions for policy-makers, including:

¹⁰⁷ Robert M. Palaich, Dixie Griffin Good, and Arie van der Ploeg, "State Education Data Systems That Increase Learning and Improve Accountability," *Learning Point* (June 2004).

¹⁰⁸ Tom Petruno, "Waiting for Job Data is a Waste," *Los Angeles Times*, 10 October 2004, C1.

- How and where can I obtain meaningful data?
- How can I make some sense of the information once I get it?
- How can I interpret data for other stakeholders?
- When can I expect to obtain the necessary data so that I may make informed decisions on policy resources required to advance policy?

Answering these questions is essential and should be addressed by state policy makers as well as by higher education leaders at both the systemwide and institutional levels. At the outset, the following six fundamental points should be mutually acknowledged.

- At minimum, elected officials, the organizations charged with implementing state policy, and the higher education community need to seek a common base of understanding about how to gather data, what data are important, and how to analyze data in planning for improved policy making that will result in improved learning, research, and institutional performance.
- Setting expectations and goals for the support of gathering, studying, and using data must be a statewide priority.
- It is important not to assume anything about data already accumulated. Questions such as "What other information do we need?" and "Why?" must still be asked.
- Policy makers and educational leaders should use technology to collect and analyze data, interpret results, and communicate findings to improve instructional practice and student learning.
- Policy makers, particularly elected officials, must be informed with good data and analytical work, and should make decisions that are based on objective and sound analytical data and not just on anecdotes or politically motivated perspectives.
- State policy makers and higher education leaders should avoid the temptation to assign blame and punishment. They should instead strive to create a culture of shared accountability, where responsibilities and authority are clearly identified, appropriately aligned goals and desired outcomes are clearly defined, and performance indicators are regularly reviewed and used as resources to inform decisions.

While the culture of academia exhibits a strong appetite for data, higher education institutions too seldom make data the instruments of strategy in the fullest sense. The pervasive practice is to utilize data in narrow and parochial ways to fight turf battles, impede change, or justify past and current actions at the unit or institutional level. It is still rare for many institutions to draw data effectively into a process of responsible judgment and decision making within an institution—to make thoughtful use of data as a gauge of capacity and prospects. What is needed is for policy makers and the state's higher education institutions to fund and maintain a mechanism for collecting data—both quantitative and qualitative—that supports regular assessment of how well the system is serving the educational needs of the State as a whole.

Good policy making, decision making, and management require good, consistent, and unbiased data. Well-designed data collection and analysis aligned across the educational system can help to identify strengths and weaknesses, set effective plans and goals, and confirm whether goals and objectives have been met; they are essential for maintaining accountability. Data may, for example, indicate achievement, instruction, perceptions, or student demographics. In an effective accountability system, data may be used in forecasting and planning, in analyzing whether progress is being made in areas of high priority, in guiding interventions for institutions, in refining professional development, and in revising curriculum.

THE CHALLENGE

As higher education institutions face operational and funding challenges, increasing enrollment, competitive pressures, and the ongoing imperative to deliver quality education experiences, the power of information to have a positive impact on institutional performance has never been stronger. Likewise, today's technology tools can make this information more accessible and manageable than ever before, enabling decision makers to transform data into applied knowledge and business intelligence that enhances personal and organizational performance.

Because using data to make decisions at the national, state, regional, and institutional levels is so important, it is crucial that the necessary infrastructure be in place. Defining the data, gathering it, aggregating it (and disaggregating it when needed), analyzing it, disseminating it, and utilizing it all require sufficient infrastructure, coordination, and collaboration. In addition, the creation of a coherent relationship between K-12 and higher education is integral to an effective higher education accountability system in which data drives policy making. Unfortunately, in many states, there is a gap between the rhetoric of a supposedly “seamless” education system and the reality of practice in which each component of the system performs in its own silo, interacting very little, so that no cohesiveness forms among the infrastructures of each data system. This is also true within the segments of higher education, where there are often multiple approaches and little effort is made to integrate the systems.

There are multiple means by which states and their institutions of higher education currently go about the business of collecting, analyzing, and utilizing data. Yet, to be truly effective, there needs to be a single, unifying architecture that ensures consistency and ease of use in accessing the data housed across all of the states' educational systems. Such an approach should not delimit the baseline reporting functionality required for an effective and efficient data system, but should be scaleable for custom and ad hoc reporting, as well as more complex and inter-segmental analysis.

Additionally, the State should improve its data management efforts so that:

- Informed decisions about programs, instruction, and performance can be made based on valid, real-time data.
- Policy makers and educational leaders are able to aggregate student achievement data at the institutional, system, or statewide level and disaggregate data by such factors as gender, ethnicity, income, and English proficiency.
- Interested stakeholders, whether they are employers, policymakers, educational leaders, or others are able to have timely access to information pertinent to their interest—from work, home, or virtually anywhere.

An effective comprehensive information data system will help states and their institutions standardize how data are communicated across the organization, making more consistent, timely, and efficient reporting and analytics readily accessible at every level of the state and organization. It will create a solid foundation for data management that will scale as state and institutional needs evolve in the future. It also represents a central part of an effective accountability system—a strategic framework that delivers superior interoperability, service delivery, and information access.

The primary goal of a state higher education accountability system should be, at a minimum, to develop a means of monitoring, assessing, and evaluating the overall effectiveness and

efficiency of institutions of higher learning in meeting the educational and professional training needs of the state and its students. Inherent in such a goal is the need to develop and operationalize a longitudinal student database to understand the successes and shortcomings of students in achieving their educational objectives and the possible reasons for those outcomes within both public and private colleges and universities.

POLICY ISSUES OF COMPELLING STATE INTEREST

There are a number of major recurring policy issues of importance to the State's elected officials that would benefit from factual information on actual student behavior over time. Examples of such policy issues include:

- *Student Success and Efficiency in Student Progress.* How is this affected by the number of terms of continuous and comprehensive enrollment until degree or certificate completion? What are the retention rates, the graduation rates, and the time to degree or transfer? How can we measure employment placement, success on examinations, graduate school admission, or degrees and certificates conferred?
- *Utilization of the Postsecondary Enterprise.* What are the different pathways used by students to achieve their educational objectives. How can we know whether distance education programs are achieving their goal?
- *Reducing Duplicative Reporting Activities.* How can we establish a more consistent set of data definitions and protocols for data sharing among pre K-20 delivery systems to reduce duplication of effort in responding to federal and state mandates for student information?
- *Efficiency in Administration.* How can we measure whether higher education institutions are achieving the most resourceful allocation of state funds within university administration?
- *Diversity and Access.* What is the proportion of historically under-represented students to the diverse population of the State? How do we measure the cost of higher education as a percentage of household incomes? How do we know the proportion of part-time to full-time students? What about the federal and state financial assistance awarded? Are our outreach programs working?
- *Educational Quality.* How will we know the student to faculty ratio, the faculty teaching workload, the credentials of faculty and their retention and tenure?
- *Public Benefit.* Are the universities meeting workforce demand, are they providing enough public service? What is the average income of graduates?

Specific accountability indicators will need to be developed and refined—if they have not been already—in consultation with institutional, system, and elected officials to guide the data that need to be collected, minimize any new data collection and reporting requirements, and 'populate' and inform state policy and budget decisions.

PLAYERS IN THE DATA ARENA

The Federal Government

Currently, data is reported on a continuous basis to a variety of federal government agencies relating to a myriad of requests, requirements, and resource needs. One of the leading collectors of data is the National Center for Education Statistics (NCES). Long recognized for its data related to K-12, the NCES also maintains the core postsecondary education data collection program, known as the Integrated Postsecondary Education Data System (IPEDS). It is a system of surveys designed to collect common data from all primary providers of postsecondary education. The IPEDS system is built around a series of interrelated surveys to collect institutional-level data in such areas as enrollments and program completions. The data collected can be, and typically is, used as a resource for policy and planning in postsecondary education institutions.

It should also be noted that the September 2006 Commission on the Future of Higher Education has completed its report and recommendations. Among the commission's controversial proposals are a so-called unit-record system that would track individual students' educational progress. This recommendation and its subsequent Congressional discussions undoubtedly will be a source of considerable discussion and debate in the months ahead, and represents a continuing involvement of the federal government in the data arena.

State Government

Throughout most of the states, a single entity focused on higher education is referred to as the State Higher Education Agency and is designated as the repository of IPEDS data. In California, for example, the designated agency is the California Postsecondary Education Commission (CPEC), created by the 1960 California Master Plan for Higher Education. CPEC has performed this statutory role since 1974. Other states, such as Texas, which has the Texas Higher Education Coordinating Board (THECB), or Florida, which has its Florida Council for Education Policy, Research and Improvement (CEPRI), are the repositories of important data and are responsible for ensuring its security, usefulness, and dissemination in reports and analysis of higher education.

Institutions of Higher Education

All institutions of higher education collect and disseminate data relating to required reports from federal and state entities, as a part of the "marketing" of their institution, in fulfillment of accrediting body requirements, and for internal purposes. Data collection, analysis, and information derived from the data are usually reflected in strategic planning, reports, and policy discussions. How data is presented or displayed depends, of course, on how the data is going to be used and who the audience is.¹⁰⁹

¹⁰⁹ For a report specifically about the California State University and its data practices related to racial preferences and privacy, see <<http://www.calstate.edu/PA/racialprivacy.shtml>>.

Others

In addition to the three primary players, a number of other entities have an ongoing interest in data on higher education, and often retain their own data. Such entities include the media, research institutes, public policy centers, regional associations involved in higher education or public policy, consulting organizations, and special interest entities involved or interested in higher education issues. Notwithstanding these other parties, maintaining a central data warehouse containing “official” data against which data from secondary sources can be compared provides greater confidence in such data.

The design and evaluation of policy and organizational changes, return on investment (ROI) calculations, and other desired performance outcomes require increasingly sophisticated and specific information. The information required often lies outside the domain of a single entity, or it may be housed in multiple locations within that single entity. Absent a coherent, integrated data management system, each part of the data system may be contained in a given “silo,” so that no one else knows where the data is or how to access it, if it is even known to exist.

Full integration is not likely to happen anytime soon, if ever. But with a boost from ever-evolving technologies, the silos themselves have become porous and many agencies are looking at translating and connecting data from different places and assembling it on the fly. That is, rather than trying to force all data into one big compatible database, the idea is to tap into existing databases for needed bits and pieces of information and integrate them for a specific use.

By drawing data from these “silos,” an integrated, cohesive accountability system will be better positioned to combine quantitative data and analytic expertise in policy and organizational development to ensure that policy and organizational change decisions are informed by factual data and focused on achieving clearly stated outcomes and goals.

DATA ISSUES

With respect to data and its collection and use, several basic questions come up in the discussions not only of elected officials, but also within the academy itself. These questions, and many others, are often raised either to detract from data already collected and disseminated or in anticipation of demonstrating why a particular group or entity is best positioned to collect or analyze the data. An additional effort to detract involves issues of data security, but rings hollow when the protesting party questions another entity’s ability to maintain data security while its own has been or continues to be breached.

Fundamental questions to be asked, and hopefully answered, with respect to a data-based accountability system include:

- *What data are needed?* What results or outcomes need to be measured? What are the required characteristics of the data in terms of their quantities and qualities?
- *Do the data already exist and can they be obtained?* If so, what are the sources of the data? How can the data be accessed? What are the characteristics of the data in terms of type, quality, resolution, precision, accuracy, and coverage? Is the quantity of data sufficient for interested uses? Are their characteristics suited to, and sufficient for, the accountability system? How will the suitability of the data actually be assessed?

- *If the data do not exist, what data need to be generated?* What is required in terms of data type, quality, quantity, precision, accuracy, and coverage, in order to properly address the accountability system objectives? What variables will be measured? How will measurements be made? What sampling scheme will be employed, and why? What logistical problems—e.g., accessibility—need to be considered? At what scale(s) will measurements be made?
- *What implications are there for the subsequent analysis?* How does sample size constrain the effectiveness of statistical tests for purposes of generalization? Are observations needed? Is there a spatial dimension to the data? And if so, has it been worked out? Is there any need for an over-sampling or under-sampling to add to the validity of any conclusions from data analysis? Are the data “representative,” and how is this known? Are the data “random,” “stratified,” or “nested,” and does this matter?

Accountability questions surrounding state goals need to be very carefully constructed and clearly defined, as they dictate the data that need to be obtained and analyzed in order to successfully address the purposes of the accountability system itself. In addition, the quantity of data, their qualities, how they are obtained, and what they measure, have implications for the choice and effectiveness of the techniques used for subsequent analysis.

Factors Affecting the Reliability and Validity of Data

There are at least three major issues that need to be taken into account in assessing the reliability and validity of data: consistency across institutions and through time; ease vs. utility in gathering data; and values, meaning, and measurements.

Consistency

Consistency in the way data are collected from institution to institution and in the way data are collected over time within the same institution is essential in conducting cross-sectional comparisons and describing time-series trends. Unfortunately, in most states, there are no processes in place to guarantee compliance with standard data definitions, with the result that comparability of data across institutions may be legitimately questioned.

One way to overcome inconsistencies between institutions is to develop standards for reporting data across common automated systems (such standards have been developed in higher education for transferring student records and for certain performance data required for the Integrated Postsecondary Education Data System). In order to develop parallel applications for other aspects of institutional performance, similar standards are required. However, concerns about confidentiality and privacy issues related to records and internet transaction logs will have to be addressed when individual units are to be analyzed.

Ease vs. Utility

Today, performance indicators are being developed from data that can be easily gathered. Of course, what is easy to gather and measure is not necessarily what is desirable to measure. It is always tempting to set goals based on the data that are easily gathered rather than developing a data gathering system linked to assessing progress towards meeting specific established

goals. The data and analysis related to performance indicators can be viewed as supporting tools to assess progress toward achieving a certain objective, but the importance of any given indicator must be based on environmental factors that are part of the state or local institutional culture.

Values, Meaning, and Measurements

There is a danger of blurring the distinction between the value system that is reflected in certain performance indicators and the indicators themselves. The values driving the performance indicators can vary greatly among institutions. These values and the interpretation of the measures are therefore best discerned within the local context.

The movement toward the use of performance indicators, which appears to be a near-universal phenomenon, derives in part from the need to define a value system for higher education in an era of unprecedented change and technological innovation. As a state and its higher education enterprise develop and reflect institutional value systems and establish measures that reflect these values, all stakeholders should be better able to define and measure quality in higher education.

Data Quality

Poor data costs money as well as credibility. The economic cost of salvaging poor data is high, but the real cost is the loss of trust and confidence by stakeholders and the public. Ultimately, poor data quality leads to poor stakeholder information, budget reductions, and compromised accountability.

If incorrect, missing, duplicate, or inconsistent data are used, that same bad data will be used to drive performance indicators and “report cards,” answer stakeholder questions, and make major state and institutional policy or strategy decisions. Policy decisions informed by poor data usually result in unfocused educational reforms that are quickly abandoned for new reforms that are also based on incomplete or inaccurate data.

Consider these facts about information as it applies to both business and higher education:

- Information and data are strategic business resources that are considered mission-critical to successfully managing a business in any industry, including higher education.
- Information drives competitive advantage and significantly impacts an organization’s effectiveness. If the organization uses quality information well, the effects are positive.
- Data quality is not a one-time exercise. It must be viewed throughout the organization as a core element of managing the organization which necessitates continuous monitoring.
- Responsibility for effective data management belongs to all stakeholders—policy makers, educational leaders, senior management and their staff, and the public.
- Responsibility should be vested in one person/unit for managing data quality, to ensure common data definitions, and to avoid costly duplication of data among multiple stakeholders.

Types of Data Collected

The types of data collected determine the types of decisions that policy makers and educational decision makers can make, or, at a minimum, contribute to the quality and accuracy of decision making. Currently, at the federal, state, and institutional levels, there are five primary types of data collected:

- *Demographic* data include background information on students, staff, and institutions, such as gender, ethnicity, socio-economic status, enrollment, and age.
- *Achievement* data include graduation rates, standardized test scores, transfer, retention, and matriculation information.
- *Financial* data includes state and federal funding levels, financial aid, physical facility and capital outlay funds, information and communication technology budgets, and lottery funds.
- *Instructional* data includes information about the curriculum, enrollment and number of degrees by programs, and faculty data.
- *Perceptual* data include people's views, values, and beliefs about the systems where they work and learn; data may be gathered through surveys, polls, questionnaires, interviews, and observations.

When these types of data are made available and combined (including the data available in K-12 and economic development entities), more precise and explicit questions can be answered. For example, by using information on instructional processes, educational leaders can determine which programs or instructional strategies are successful and which ones may need to be revisited to better serve students.

Monitoring and Management

Monitoring can be defined as the periodic remeasurement of appropriate parameters to determine the effects of particular policies or management strategies on policies and practices, and the responses of systems to changes in the broader environment. The results of these assessments can be quantitative, in the form of data and information; qualitative, based on subjective observation; or a combination of the two. This will depend on the methodology being used for the monitoring program.

In the business world, monitoring is accepted as an integral component of decision making in a complex and uncertain world. However, this is not always true for the management of our educational resources, despite their importance to individuals and the State. Many educational monitoring programs fail to become an integral part of management because they are not appropriately designed to inform decision makers.

The monitoring function serves as a basis for active adaptive management, in that the outcomes determine whether a modification of applied strategies is required to achieve a pre-determined goal. A further, important aspect of monitoring practices is the use of the data and information from the monitoring process to enhance the existing knowledge base available to managers and policy makers.

Implementing change in a management scheme or policy is always an experiment. As educators and policy makers measure the outcomes of their actions or policies, they continually gain new "experimental results." These outcomes provide new information whereby the knowledge base can be re-evaluated and expanded in collaboration with policy analysts and other stakeholders. In turn, the enhanced knowledge base provides a broader foundation to help individual managers and policy makers with future decision making. This knowledge enhancement process requires that the data and information from monitoring be captured in a coherent and cohesive repository of data, where it can be processed for the next important step, i.e., to transform the monitoring results into useful knowledge at the local, regional, state, and national levels.

Consistent with the overall purpose stated above, the following descriptors, adapted from the 1991 U.S. Office of Science and Technology Policy's "Data Management for Global Change Research Policy Statements," are pertinent to the issue of accountability and public interest in higher education:

- The Higher Education Accountability System requires an early and continuing commitment to the establishment, maintenance, validation, description, accessibility, and distribution of high-quality, long-term data sets.
- Open sharing of the full suite of educational data sets for all stakeholders is a fundamental objective.
- Preservation of all data needed for short and long term institutional and state reporting is required.
- For each and every educational data parameter, there should be at least one explicitly designated archive.
- Procedures and criteria for setting priorities for data acquisition, retention, and purging should be developed by participating agencies—systemwide, statewide, and nationally. A clearinghouse process should be established to prevent the purging and loss of important data sets.
- Data archives must include easily accessible information about the data holdings, including quality assessments, supporting ancillary information, and guidance and aids for locating and obtaining the data.
- National and international standards should be used to the greatest extent possible for media and for processing and communication of educational data sets.
- Agencies should act to streamline administrative arrangements for exchanging data among researchers.
- For those programs in which selected principal investigators have initial periods of exclusive data use, data should be made openly available as soon as they become widely useful. In

each case, the funding agency should explicitly define the duration of any exclusive use period.¹¹⁰

Elements of a Data-Driven System

Figure 1. Components of a Data System

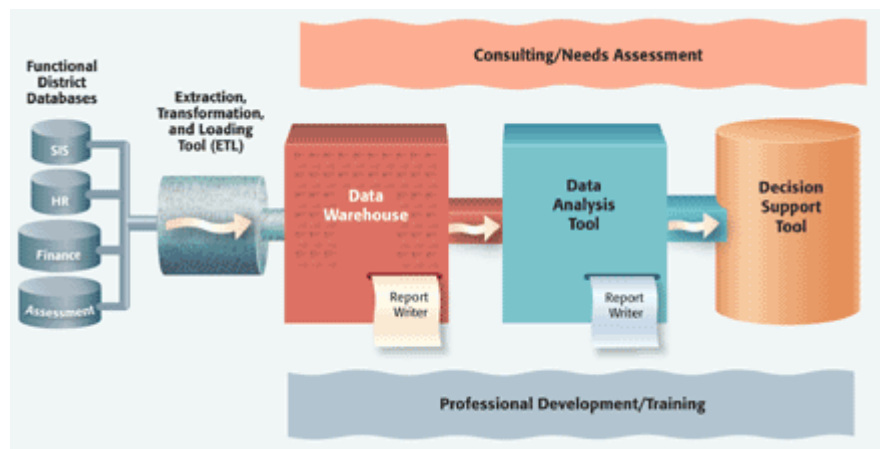


Figure 1, which is based on two figures from Max Stein’s “Making Sense of the Data,” provides a visual overview of the components of a data system.¹¹¹ Such a comprehensive system for data management, analysis, and reporting might consist of the following:

Individual Databases

As illustrated, these typically include student information systems, human resource records, financial databases, and assessment data from sources such as tests, certifications, benchmark assessments, and instructional management software. In addition, specialized databases with information on individual plans for information technology, capital outlay and physical planning, admissions and transfer, workforce development and training programs, research and extramural funding, professional development and teacher certification, support help line calls, community survey results, and library circulation can all play an important role in data-driven decision making.

Support Services

Institutions of higher education investing in data-driven decision making will often supplement internal resources with consultants and other service providers who can offer help with professional development, needs assessment, data analysis, and system planning. In addition to the internal and external strategic advice and counsel in this arena, many accrediting

¹¹⁰ See U.S. Office of Science and Technology Policy, “Data Management for Global Change Research Policy Statements,” Washington DC, 1991.

¹¹¹ Max Stein, *Making Sense of the Data: Overview of the K-12 Data Management and Analysis Market* (Boston: Eduventures, Inc., November 2003), <http://www.eduventures.com/pdf/freeSamples/dma_overview.pdf>.

agencies, nonprofit associations, and consortia also offer benchmarks, advice, downloadable tools, and other data-related resources.

Data Warehouse

One of the newest and highest profile data management tools in the education world, the warehouse is a central storage area for data pulled from various databases. An extraction, transformation, and loading tool is typically used to bring validated and consistent data into the warehouse. In some systems, the data warehouse will be used to spin off smaller subject-specific databases, called data marts, for reporting purposes.

Decision Support Tools

These newer, more specialized utilities, designed to play a prescriptive role, are described as "provid[ing] recommendations, real-time alerts, and automatic actions for administrators, teachers, and staff."¹¹²

Data Analysis Tools

This category includes a wide array of technology-based tools for statistical analysis, forecasting, graphing, and highlighting trends. In addition to special-purpose tools, spreadsheets and other common applications already in use in the institution or state agency can play an important role in data analysis.

Report Writers

The ability to create customized, formatted reports of various sorts is built into most of the data tools, including the data warehouse itself.

Homegrown Solutions

It is important to note that it is very possible to engage in data-driven decision making without assembling all of the tools shown here. Many organizations employ homegrown data solutions that use Access, Excel, or other common software tools to pull directly from the source databases, skipping the warehouse all together.¹¹³

CONCLUSIONS AND RECOMMENDATIONS

Those who believe that there is no room for improvement in the quality and performance of higher education—or the accountability systems perceived to be in place—should test those beliefs. Objective assessments of quality and performance are essential for identifying priorities for action, galvanizing support for such interventions, and allowing the public at large to benefit from any assessed effectiveness of the interventions.

¹¹² Judy Salpeter, "Elements of a Data-Driven System" in *Data: Mining with a Mission*, 15 March 2004, <<http://www.techlearning.com/story/showArticle.jhtm?articleID=18311595>>.

¹¹³ See Salpeter, "Data: Mining with a Mission."

The production and use of reliable data are essential to good governance, policymaking, and strategic planning. Within government and higher education they are necessary for both day-to-day administration and long-term planning. They provide a basis for formulating and evaluating fiscal and operational policies and programs. They allow the media, legislators, and the public to undertake an informed assessment of the performance of the government and the higher education enterprise, ensuring greater accountability. Statistical information—data—is also essential for internal decision making relating to activities, services, and programs.

Accountability goals need to be very carefully constructed and clearly defined, as they dictate the data that need to be obtained and analyzed in order to address successfully the purposes of the accountability system itself. In addition, the quantity of data—their qualities and how they are sampled, obtained, and used—have implications for the choice and effectiveness of the data analysis techniques used in subsequent analysis.

The primary goal of a state higher education accountability system should be, at a minimum, to develop a means of monitoring, assessing, and evaluating the overall effectiveness and efficiency of institutions of higher education in meeting the educational and professional training needs of the state and its students.

The following strategic policy recommendations relating to data-driven decision making are considered to be essential to ensure that policy making and decisions reached are well informed by good data in a timely manner.

Recommendation One

Build the Infrastructure and Ensure That It Works

Take incremental steps towards building a system that can monitor and track results.

The first step in improving accountability in higher education is to ensure the routine availability of information on educational performance. Computerized information systems in many aspects of the State's widespread endeavors automate the entry and retrieval of key data for similar purposes. The same is true within the State's institutions of higher learning. The information systems support quality measurement, decision making, and reporting. Installing or refining these kinds of systems for the State's accountability system will require an investment of resources, but the return will be high in terms of knowledge gained, strategies to be undertaken, and trend analyses to determine what changes, if any, require attention.

Information is essential, but it is not enough. Once the information is available, teams of education professionals need to use the information collaboratively and quickly to identify the best and most effective course of action to be taken to meet state goals and needs. The teams need to be able to explain the additional information and the policy options clearly to policy makers and the public so that not only a course of action can be determined but also so that stakeholders and policymakers can better understand the initiatives underway.

There is a need to develop methods for measuring and allocating resources that will enable stakeholders to ensure that allocations align with the State's values and priorities and encourage and reward excellence. The process should be based on open communication and data transparency at all levels.

The stakeholders must seek broad agreement on desired results and indicators that will be used to track progress. The process should start with a few key indicators, stated in understandable

terms that are practical, results-oriented, and clearly important. These indicators should reflect the impact of services on learners and institutions as well as on the return on investment, not on who used the services or how they were delivered. Based on feedback and experience, the list should be improved over time.

Recommendation Two

More and Better Information Dissemination

Provide leadership that fosters and ensures strategic alliances and cooperative data sharing leading to understandable public information dissemination.

An ongoing concern among stakeholders—be they internal or external—is the poor communication of performance results and limited information related to return on investment. Additionally, there is a widely-perceived gap between what is currently available to the public and what policymakers need.

On the whole, institutions of higher education are more likely to be relatively passive in their dissemination of information pertaining to performance and outcomes, disseminating it only upon request, rather than making it available to the public more proactively. State agencies such as the state higher education boards and research bodies tend to disseminate information on a periodic basis, but often public stakeholders are not informed or are even unaware of the existence of the information.

But passive or periodic dissemination of information is insufficient. It breeds inefficiency and inconsistency and encourages organizational entities to duplicate the efforts of one another while also driving those same departments or organizations to draw on separate pools of knowledge or data (the “silo effect”). These scenarios not only hinder collaboration but can even cause the entities to work at cross-purposes.

Leadership should promote targeted and innovative communication strategies for several reasons:

- To increase the use of solid and valid data;
- To inform effective public policy;
- To improve performance and service; and
- To prevent inefficiency and inconsistency across the State’s entire educational enterprise and its agenda.

In all cases, whether through the consolidation of current agencies, or via strategic and collaborative alliances, leaders of all entities involved in the State’s accountability system bear a tremendous responsibility to focus and to share research and data so that the results can be relevant, understandable, and therefore useful to the public and stakeholders.

Recommendation Three

Create a Comprehensive Higher Education Database Warehouse

The State, if it has not done so already, should create a comprehensive higher education database warehouse that includes data on a variety of topics and levels.

The State should have information about students, faculty, finance, and programs for all levels of education. (A single State Education Data Warehouse is considered to be the optimum strategy, but this paper focuses specifically on higher education.) Decisions about the future of the higher education system in a state must be based on reliable information about how students and institutions are performing. There may be an excellent data system, either at an institutional or system level. However, too many states lack a statewide data bank that encompasses all of higher education, let alone one that encompasses data on the entire education enterprise, pre-school through higher education. Not only should the colleges and universities that comprise a state's higher education resource see the value in such an effort, so too should the legislature and governor recognize and support the immediate development of a unified student data system. While each state would need to ascertain its cost to construct a data warehouse, it would be a relatively small investment that would pay immediate dividends.

APPENDIX A

Definitions

Business Integration Solutions - Business integration, and the software that supports it, provides the ability to integrate the diverse data and information sources both within and outside the organization or enterprise into a single coherent framework. An integrated information infrastructure can then be shared by mission-critical applications such as CRM, executive information portals, and automated supply chain systems.

Data Analysis - Data analysis tools are typically used to sort through enterprise data in order to identify patterns and establish relationships. Similar to "data mining," data analysis techniques allow virtually any organization to gain greater insight into the trends within their organization, their enterprise, and their customer base.

Data Management - Practices and principles adopted by an organization to ensure that its Data Resource is properly managed as an organizational asset, focusing on processes and management structure rather than the data systems that will support data management and the development of useful data.

Data Repository - A specific location where data are stored, such as a filing cabinet, computer file, or database management system.

Data Resource - The total collection of data, or facts, that are at an organization's disposal.

Data Warehousing - A data warehouse is a consolidated view of enterprise data, optimized for reporting and analysis. It is an aggregated, sometimes summarized copy of transaction and non-transaction data specifically structured for dynamic queries and analytics. In data warehousing, data and information are extracted from heterogeneous production data sources as they are generated, or in periodic stages, making it simpler and more efficient to run queries over data that originally came from different sources. Data is turned into high-quality information to meet all enterprise reporting requirements for all levels of users. Interactive content can be delivered to anyone in the extended enterprise—customers, employees, managers, executives, and policy makers—anytime, anywhere.

Stakeholders – Who Are They And What Is their Role, If Any?

Governments have an incentive and an obligation to ensure that postsecondary education meets stakeholder needs as part of their accountability for the deployment of public funds.¹¹⁴

OVERVIEW

In higher education as in other areas of social policy, the perception of the need for change and for transparency in the performance of institutions comes from several key stakeholders:

- From the government, which sees its fiscal coffers depleted;
- From components of the workforce, who want opportunities to show their worth;
- From the leadership of public and private organizations, which are concerned with efficiency and the proper use of their resources in a competitive environment;
- From those who are completely shut out from the existing system of benefits and privileges associated with a college degree;
- From members of the general public, who want accessibility, affordability, and opportunity as well as results from their investment.

Frequently referenced, and sometimes ignored, the identification and role of stakeholders in higher education is seldom explained. Nowhere is this more true than in discussions relating to accountability in higher education. Rarely, however, is there a clear picture of who the stakeholders are in any given situation or what their role might be in the context of higher education accountability systems.

With increased attention being given to state and public interest in the performance and outcomes of higher education, it is the purpose of this paper to provide an insight into just who the stakeholders are and what their role is.

Simply put, stakeholders are people who have a stake, or interest, in what occurs in any particular area. Ultimately, this includes us all, depending on where we live, work, or play. The key difference between a stakeholder and the average citizen is that stakeholders take an active role in what goes on in their communities, be they local, state, national, or international.

A BACKGROUND OF TENSION

College and university leaders must meet the often competing and conflicting expectations of a diverse body of stakeholders—students, educators, researchers, foreign scholars, institutes, schools, administrators, staff, alumni-donors, sports teams, federal research and grant-making organizations, private-sector business partners, and even the civic government and community

¹¹⁴ Council of Ministers of Education, Canada, “A Report on Public Expectations of Postsecondary Education in Canada,” February 1999, 23.

where the institution resides. The finances, resources, and time are often insufficient to provide the best education possible.

A number of significant characteristics have historically guided the development of higher education throughout the United States. The so-called social contract between the people and the public institutions of higher learning chartered by the state has been based, in large measure, on a level of trust in institutions to “do the right thing.” Through time and the development of colleges and universities, there often has been a tension not only among competing philosophical underpinnings but also between and among many interests—i.e., stakeholders—in the support and direction of higher education.

These tensions have taken on many forms, including challenges to the curriculum, use of resources, contributions to economic development, opportunity for social mobility, the relationship between teaching and research, state support and privatization, oversight and regulation, autonomy, the marketplace influence, and any number of other areas. Those with vested interests—with a “stake” in what higher education does—or those individuals or entities who wish to influence the direction or resources of higher education, all contribute to the tensions and at times hostility and adversarial relationships that occur in the world of higher education and public policy.

There are many reasons for stakeholders’ efforts to influence the mission, direction, and fiscal aspects of higher education. Among the important reasons—in addition to the widespread faith of the public in the value of higher education—is the growing recognition of the power of education to contribute to social and economic mobility, the value of making higher education accessible to everyone, and the inextricable relationship between a state’s economic vitality and its colleges and universities. In essence, higher education is seen as an engine of mobility, for both individuals and the state.

By all accounts, higher education makes a fundamental contribution to a state’s future—indeed, to the future of the nation. The strength, diversity, and flexibility of colleges and universities are considered vital to the building of a successful state:

- A state in which all citizens over their lifetimes have equal opportunities to be educated to a level that will maximize their potential, both in a personal sense and in terms of their capacity to make productive contributions to the community in which they live and, in turn, to the state as a whole;
- A state whose economic growth is sustained and supported by a dynamic synergy between research, development, and innovation;
- A state which makes significant contributions to international education and research, the global economy, and international relations;
- A state in which all of a state’s communities and regions are nourished and enriched economically, socially, environmentally, and culturally by the contributions of educational institutions;
- A state characterized by rich cultural diversity, recognizing the unique strength and contributions made by its many ethnic groups; and
- A state in which the rights of the individual are celebrated and protected and individuals are fully aware of their responsibilities to each other and to society as a whole.

However, it must be remembered that not all citizens may wish to participate in higher education as it is traditionally defined. Acquisition of competency-based vocational and trade skills are an equally appropriate choice for those who desire to develop their abilities for the labor market. However, an increasing number of high school graduates, as well as those who are involved in the workforce, perceive colleges and universities as the most appropriate way to invest in their future.

Historically, states have seen the purpose of higher education as much greater than simply preparing students for jobs. They regard higher education as contributing to the fulfillment of human and societal potential, the advancement of knowledge, and social and economic progress. Other functions of higher education have been to:

- inspire and enable individuals to develop their capabilities to the highest potential;
- enable individuals to learn throughout their lives (for personal growth and fulfillment, for effective participation in the workforce, and for constructive contributions to society);
- advance the application of knowledge and understanding to the benefit of the economy and society;
- enable individuals to adapt and learn, consistent with the needs of an adaptable knowledge-based economy at local, regional, and national levels; and
- contribute to a democratic, civilized society and promote the tolerance and debate that undergird it.

Amid the historical prospects of higher education, there are rising expectations that alter the landscape and drastically change how colleges and universities go about the business of higher education. In broad terms, states are seeking through legislation or heightened expectations a sustainable higher education system with high performance institutions that are:

- *Value Adding.* Higher education institutions should add value to and enrich society, culture, and the economy. In their role as caretakers, creators and transmitters of knowledge, higher education institutions are expected to add value to individuals and to the society of which they are part.
- *Learner-Centered.* Effective learning is facilitated by effective teaching and every institution should focus on the needs of its undergraduate and postgraduate students. A learner-centered institution will ensure that students acquire, develop, and apply knowledge and skills that are relevant to the individual, employers, professional associations, the labor market, and society. In addition, effective learning experiences are expected to inspire learning for life.
- *High Quality.* Higher education institutions must deliver high quality instruction and enable excellence in research. Higher education institutions must provide services that are worthy of continuing public and private investment and community confidence.
- *Equitable.* There must be equality of opportunity in higher education to allow individuals to fulfill their potential, regardless of their personal circumstances and backgrounds. There should be no systemic barriers to participation; rather, there should be provision for the varying needs of students from different backgrounds. Special intervention measures may be needed to encourage participation from groups that are under-represented in certain areas, or to sustain their success, including 'second chance' opportunities and dedicated support.
- *Responsive.* Higher education institutions are expected to be responsive to the diverse needs of students and the demands of other stakeholders—including staff, employers of

graduates, industry, investment partners, and regional communities. They need to meet the expectations of the state and federal government and the changing needs of the economy as well. And higher education institutions need to develop an outward-looking perspective as opposed to an insular one.

- *Diverse*. Diverse and changing student expectations require a system that is able to accommodate varied choices and interests. Higher education institutions should not all aspire to the same purpose, goals, or organizational structure. Institutions need to evaluate their strengths and challenges as well as opportunities to forge their distinct missions within the higher education system. Colleges and universities need not have a monopolistic position or favored status as service providers. There is room in the system for a range of providers that can cater to the needs of an increasingly diverse student population.
- *Innovative*. Higher education institutions need to generate new ideas, solve problems, improve products or processes, and adapt to new and changing environments. The need to be innovative relates not only to improvements in teaching and learning but also to the direction and commercialization of research and engagement with industry, research institutions, and other education providers.
- *Flexible*. Student demand is increasingly unpredictable. The higher education system needs resilient absorptive capacity for accommodating unforeseen changes in demand. Higher education institutions need to have organizational and managerial flexibility as state priorities develop over time and student expectations change. Institutions need to be able to re-deploy resources and adjust staffing to meet emerging needs as they arise. Flexibility in relation to learning calls for the creation of multiple pathways for learning—from admissions procedures, through entry and exit points, modes of learning, delivery methods, assessment, and availability of learning resources.
- *Cost-Effective*. States expect that higher education institutions will efficiently use the financial resources provided to them and achieve intended results. The challenges posed by this goal are considerable in complex organizations such as colleges and universities and apply to the full range of their activities, including capital development, commercial initiatives, and even the number of subjects or units that may be offered within an institution.
- *Publicly Accountable*. Higher education institutions need to be good stewards of the financial resources provided to them. As the recipients of large amounts of public funding and private investment, higher education institutions are accountable to their respective stakeholders. Their policies and actions need to be transparent and open to public scrutiny.
- *Socially Responsible*. All higher education institutions have a broad public responsibility. They must act ethically in all their activities, including their research and commercial undertakings. They must ensure that they operate in ways that meet public health and safety requirements and are also environmentally responsible.¹¹⁵

Tensions inevitably occur between and among some of these principles, as there are competing perspectives among stakeholders on many of the concepts and principles. Where there is competition or a lack of agreement, public trust in the ability of higher education to fulfill its “societal” purposes is chipped away, leading to distrust and disillusion. What is required, among other things, are appropriate balances reached through public policy and leadership on multiple fronts.

¹¹⁵ Adapted from Brendan Nelson, “Higher Education at the Crossroads: An Overview Paper,” Canberra, Australia Commonwealth Department of Education, Science & Training, April 2002, 2-3.

This is easier said than done. In commenting about “public” demand on services to be rendered by contemporary colleges and universities, Sheldon Rothblatt reflects upon the multiple interests of a pluralistic society:

Alumni, boards of trustees, parents, high-tech industries, local, state, and federal governments, legislatures, student organizations, and special-interest lobby groups are all publics with their own demands, desires, and means of mobilizing support and disapproval. The tensions inherent in multiple publics are manifested in the facts that not only are there many “publics” or stakeholders, with “contradictory aims and demands, but no single public is consistent in its demands.”¹¹⁶

When the clarion call for increased accountability in higher education is heard, there are mixed messages and conflicting perspectives, depending on the source of the call and the issue at hand. More often than not, higher education is perplexed by the messages that are sent by legislatures calling for quality improvements, accommodation of more students (growth), increased efficiency, new programs, or increasing the size of departments or schools. At the same time, the budgets of the institutions are being reduced or continue at levels that cause increased class size and constraints on access and other priority strategic objectives.

As balancing budgets has become the focal point of policymakers, finance has increasingly become the driver for policy, creating persistent challenges for higher education. Similar challenges arise as the public has become less content to accept higher education as an inherently good thing and has increasingly insisted on reliable evidence that colleges and universities add value to their lives and the lives of their children.

STAKEHOLDER DEFINED

The word “stakeholder” has evolved into a term with a particular meaning in the field of business management and increasingly has been utilized in higher education to reference those individuals or entities that have an interest or involvement in its affairs. In discussing the policy-making or decision making process for institutions of higher education, the concept has been broadened to include everyone with an interest (or “stake”) in what higher education does. In that context, “stakeholder” includes not only policy makers and governing board members but also all persons who “paid in” or made an investment in higher education and the persons who are the beneficiaries of higher education, including graduates and employers.

The holders of each separate kind of interest in higher education’s affairs are called a “constituency,” so there may be a constituency of legislators, a constituency of alumni, a constituency of financial institutions to which colleges and universities owe money, a constituency of the public who has contributed through tax money and other means to the advancement of the institution, and so on. In that usage, “constituent” is a synonym for “stakeholder.”

¹¹⁶Sheldon Rothblatt, “‘Standing Antagonisms’: The Relationship of Undergraduate to Graduate Education,” in *The Future of State Universities*, ed. Leslie W. Koepplin and David A. Wilson (New Brunswick NJ: Rutgers University Press, 1985), 56-57.

A stakeholder, as used herein, refers to higher education's constituencies, those who contribute regularly to higher education's "vocabulary of meaning." They are those people or entities both inside and outside higher education that have a vested interest in it. The nomenclature used to describe the relationships of certain individuals or organizations to higher education can be confusing; the following outlines the differentiation among those individuals and entities that are considered part of the higher education stakeholder community.

- *Stakeholders* – Any person, group, or organization that can place a claim on an organization's attention, direction, or resources. Stakeholders typically include faculty, staff, administrators, policymakers, and major donors.
- *Customers* – Any person who brings dollars or other valued resources into the organization or rely on the product of the organization in the conduct of their own business. Customers include prospective students, current students, donors, alumni, and employers.
- *Influencers* – People who influence stakeholders or customers. They may also be stakeholders (administrators who influence faculty) or customers (current students who influence prospective students) themselves. Influencers include parents, guidance counselors, club advisors, professional associations of the aforementioned groups, and others.

The issues are comparable in the business sector, where a major debate has begun about whether firms should be managed with an eye towards stakeholders, stockholders, or customers. Those who support the stakeholder view usually base their arguments on the belief that, firstly, value can best be created by trying to maximize joint outcomes. For example, according to this thinking, programs that satisfy both employees' needs and stockholders' wants are doubly valuable because they address two legitimate sets of stakeholders at the same time. Secondly, the preeminent role given to stockholders by many business thinkers is questionable. The argument is that debt holders, employees, and suppliers also make contributions and take risks in creating a successful firm.¹¹⁷

STAKEHOLDERS IN HIGHER EDUCATION: WHO ARE THEY?

There are clearly a number of different groups with an interest in accountability issues and other matters in higher education. They have different relationships to the issues in terms of the immediacy of impact.

For example, **government and its various agencies** have an interest in ensuring efficiency, effectiveness, and value for money from public resources. They also have a role in establishing the demands of the other stakeholder groups and in attempting to ensure that, where appropriate, these are satisfied. Faced with competing perspectives, however, government attempts to balance different stakeholder perspectives often obscure the key issues and hinder the search for desirable solutions.

Higher education institutions, as providers of education and services as well as guardians of the curriculum, clearly have a very important role to play in promoting accountability and satisfying the public's interest in its performance.

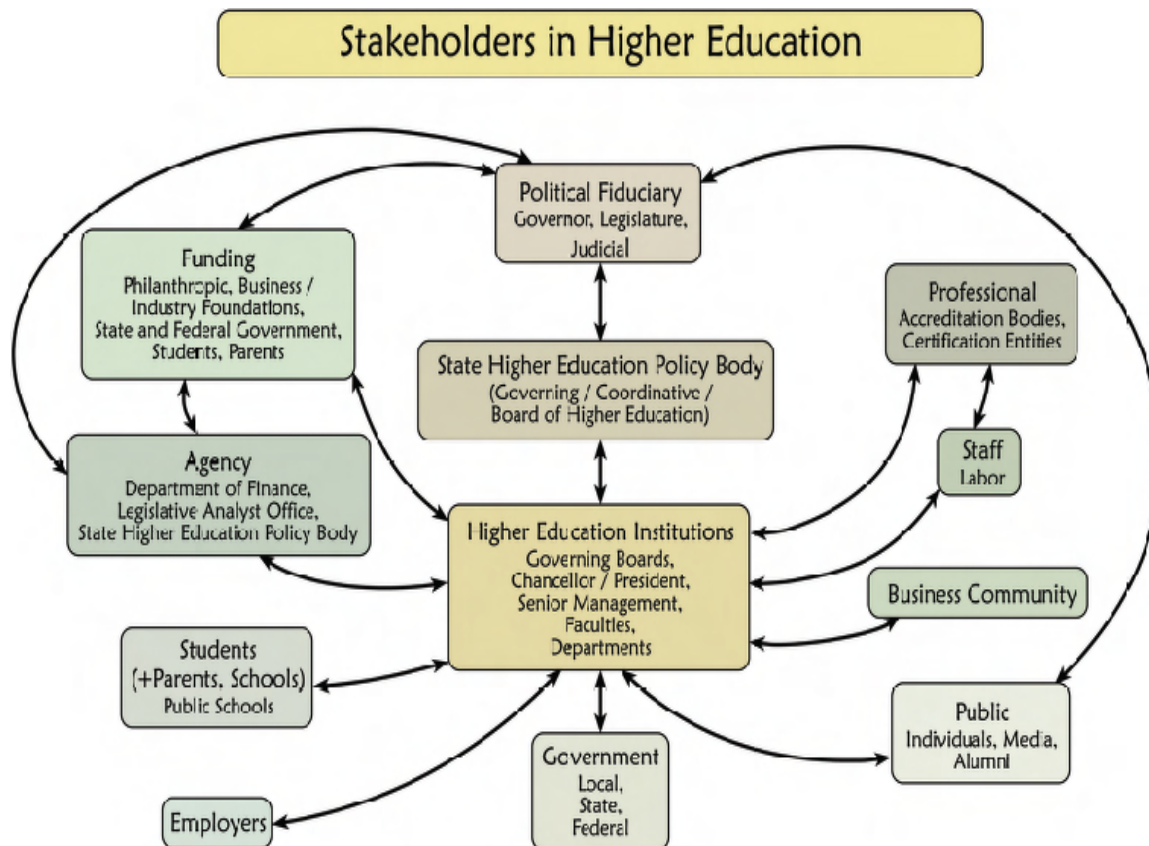
¹¹⁷ See "Stakeholder," Wikipedia, <<http://en.wikipedia.org/wiki/Stakeholder>>.

Stakeholders – Who Are They, and What Is Their Role, If Any?

As consumers of the outputs from higher education (in the form of its graduates, services, and research), **employers** are also important clients as well as stakeholders of a state's higher education system.

Students and graduates, as the most directly affected individuals, are the primary stakeholder groups when considering academic achievement as well as employability. The needs of graduates to have acquired, as students, a range of knowledge, skills, and related attributes which allow them not only to compete for jobs but also to contribute in many other ways to society is the key issue here and one which most policy and practice should emphasize.

While in some instances the stakeholders above may be considered to be both internal and external stakeholders, for the most part the following diagrams the individuals or groups who are considered to be the internal stakeholder components or constituents of higher education. While it might be simple to have separate but equal stakeholders, the fact of the matter is that any effort to categorize them all together does a disservice to the multiple roles that are performed by many individuals. Consequently, the following diagram is intended to do no more nor less than to provide an idea of the complexity of the situation.



STAKEHOLDERS: WHAT ARE THEY OWED?

There are several topics and issues that should be addressed not only as an essential component of higher education's mission in development and implementation, but also in the policies associated with an accountability system. One essential issue concerns the responsibilities of institutions to constituent groups. Who are the major stakeholders or constituencies to be served, and what is the nature of the institution's obligation to each? Appropriate categories here include students, the general public, the local community, various levels of government, foundations, alumni, and other groups.

In general, there are always multiple stakeholders for colleges and universities. Higher education—individually and collectively—has a responsibility to students, parents, and taxpayers (and their representatives) to account for the education provided and the costs of providing it through state appropriations, tuition, fees, and financial aid.

There are a variety of questions that should be considered when focusing on accountability and stakeholder needs. The following are illustrative of some key questions:

- What information is needed about the higher education environment?
- How should the information be communicated?
- In what ways do content of information and means differ when communicating to internal and external stakeholders?
- What mechanisms will be used to share the progress of the efforts to achieve institutional missions?

The above questions assume agreement on what goals and mechanisms are to be used in communicating the performance of higher education and what is to be served by such reporting.

Kennedy and Clare identify four higher education stakeholders and customers and the ways higher education should be accountable to them. While specific to New Zealand, their discussion is applicable to other countries as well, including the United States. They argue that the stakeholders of universities fall into four distinct groups:

1. The students of the institution are stakeholders (as well as its product). They look to the institution to provide a service in the form of a course of study leading to a recognized qualification and a general educational benefit.
2. The employers of graduates. Employers need well-qualified, well-educated and adaptable employees in the shape of new graduates. Success in this area reaps other benefits such as investment by employers, research, development, consultancy, and collaboration with the institution in offering education and training. Here, a careful balance needs to be struck between theoretical research and the needs of industry.
3. The [federal] Government, state and local Government and Government agencies. For the foreseeable future, these bodies will be the major providers of funds to a university. Consequently, they should be regarded as stakeholders with needs to be satisfied. The main way in which this is currently achieved is by the institutions recruiting students into majors

targeted as high priority by these constituent groups, graduating quality students, and completing the funded research.

4. The final group of stakeholders for the services of a higher education institute is the broader community. Each institution has obligations (although it may not have realized them) in the areas of a) Access to the facilities of the institution for the local community; b) Contribution to the wider academic community; c) Provision of services to the international community via the enrollment of overseas students, collaborative research, consultancy and other projects; and d) The welfare of society in general.¹¹⁸

From another perspective, Jonathan Fife and Steven Janosik underscore the importance of identifying stakeholders in their paper, “Defining and Ensuring Quality in Virginia Higher Education”:

STAKEHOLDERS-DRIVEN VISION, MISSION, AND MEASURABLE OUTCOMES. It is accepted that the University of Virginia and the College of William and Mary are different from Virginia Tech and Radford University. The question is, from a quality perspective, which ones are of higher quality? Using the elite Harvard model, the answer is the first two. But using the stakeholder model makes the answer less obvious. Before the question of quality can be answered, one first must know who the stakeholders are, what expectations they hold, and how well these institutions are meeting those expectations. Therefore, three areas need to be considered before the quality of an institution can be determined:

Stakeholders: The stakeholders of an institution must be identified and be part of the process of defining a shared expectation for the outcomes of that institution. An example of unique shareholders would be the regional families and employers served by an institution.

Expectations: Stakeholder expectations, which may differ from institution to institution, must be identified for each individual institution. The expectations of education students of Longwood College differ greatly from the expectations of nursing students at Radford University.

Outcomes: The effectiveness of an institution should be judged by how well it fulfills the stakeholder-defined outcome for that institution. The stakeholders of the College of William and Mary may expect that a high percentage of the students will go on to graduate schools, while the graduates of Old Dominion University may look for successful careers in business.¹¹⁹

The two authors go on to identify the important constituencies—stakeholders—that higher education must satisfy:

¹¹⁸ M. Kennedy and C. Clare, “Some Issues in Building System Dynamics Model for Improving the Resource Management Process in Higher Education,” in Proceedings of the 17th International System Dynamics Conference, Wellington, New Zealand, 1999.

¹¹⁹ Jonathan D. Fife and Steven M. Janosik, “Defining and Ensuring Quality in Virginia Higher Education,” *Virginia Issues and Answers*, vol. 6, no. 1 (May 1999).

While higher education must do [multiple] things, it must also satisfy a constituency that includes the faculties who are the creators of the knowledge base, students who are not customers in the traditional sense but major stakeholders nonetheless, alumni, parents, employers, elected representatives, donors, and the general public.¹²⁰

Yet another perspective comes from the Netherlands. The University of Twente's Center for Higher Education Policy Studies notes that the role of stakeholders has changed from its historical antecedents in the decision making processes associated with higher education:

However, the notion of 'stakeholders', as opposed to 'lay representatives' or 'external personalities', redefines the conduct, role, responsibilities and thus the nature of the 'interface' between higher education and society. The term 'stakeholder' points to a major shift in the roles assigned to those who participate in higher education institutions' decision-making as representatives of 'external society', just as it points to an equally major shift in the obligation, now increasingly operationalized and forced upon higher education, to render accounts to the general public or to agencies acting in its name. This shift replaces the 'watching brief' laid upon external personalities acting on behalf of society by an active duty incumbent on 'stakeholders' to help negotiate the terms of higher education's response to demands emanating from particular interests.¹²¹

From the foregoing discussion, it is obvious that there are various stakeholders and competing issues involved in relationship to higher education policy and its implementation, to say nothing of the public policy processes and actions involved. Each stakeholder group has different needs and expectations and varying capacity to leverage institutional responsiveness to its needs. It is crucial that stakeholders be identified and taken into account, not only when consideration is given to the role and performance of colleges and universities, but also as the focus shifts to the public's trust in institutions of higher education. Educational leaders and policy makers must account to each stakeholder group and therefore must recognize each group's expectations as they go about addressing the performance of higher education as well as making decisions and providing services. Inherent in this relationship between stakeholders and educational leaders and policy makers is the potential for compromising integrity and independence.

In the end, trust between and among higher education, policymakers, and stakeholders is based in large measure on the integrity of and trust in the decisions that are made, in the processes of reaching those decisions, in the actions implemented to reflect purpose and performance expectations, and in the moral vision and commitment to shaping the world of higher education for society's benefit.

The maintenance of stakeholders' trust in higher education is not limited to the theoretical discourse that often occurs on the campuses of the higher education enterprise. Actual policies, practices, and outcomes matter too. It is critical that the gap between the theoretical discussions and practical applications of integrity, principled and ethical behavior, and commitment to the

¹²⁰ Fife and Janosik, "Defining and Ensuring Quality."

¹²¹ Center for Higher Education Policy Studies (CHEPS), University of Twente, "Higher Education and the Stakeholder Society," Research Programme 2001 – 2005, <<http://www.utwente.nl/cheps/documenten/ResearchProgramme2001.pdf>>.

common good rather than self-interest, be reconciled and actively bridged. Higher education's ideals, strong principles, and compelling vision of the past—in which most stakeholders share—have been called into question and once again require effective leadership, bold and imaginative vision, and clear communication to encourage and facilitate cooperation among different stakeholders. To do otherwise fails to take advantage of opportunities for collaboration and increases the likelihood of adversarial relationships and a diminution of support for higher education.

Systemic changes and cultural shifts are reflected in higher education's relationship with its stakeholders. For the trust historically accorded to higher education to be restored, as well as for increased institutional understanding of what policies and practices are most effective and efficient, institutions of higher learning will require more transparency, less self-interest, and increased information dissemination that is clear, insightful, and informative. Colleges and universities must overcome their fear of measuring how well they achieve state, institutional, and stakeholder goals and hold themselves accountable for how resources are used in this regard.

INTERNATIONAL THEMES AND THE STAKEHOLDER SOCIETY

The geographic monopolies of universities have been very gradually changing over the last two hundred years, and now technology has effectively erased such control to the point that some nations (including the United States) and the World Trade Organization propose treating higher education as a “commodity.” Significant stakeholders around the globe now view its importance from a global perspective. (The London Times, for example, in the spring of 2005, ranked universities globally, not by nation.)¹²²

The 1998 UNESCO World Conference on Higher Education, the largest global gathering of higher education leaders and policymakers in the history of the world, identified the role of higher education in the building of sustainable societies and the centrality of higher education with respect to economic and social development in all nations and societies:

The transformation of national higher education systems is on the political agenda in every country in Europe. The higher education (HE) sector is being urged to ‘modernise’, ‘adapt’, ‘diversify’, ‘marketise’, and is expected to become ‘entrepreneurial’, ‘competitive’, more ‘efficient’ and more ‘effective’, more ‘service oriented’, and more ‘societally relevant’. It also has to improve the ‘quality of its processes and products’, its ‘relationship with the labour-market’, and the ‘governance and management’ of its institutions, the universities and colleges. It is generally acknowledged that this transformation can only be successful if the traditional steering relationship between state authorities and higher education institutions is changed dramatically.

During the last quarter of the 20th century the central steering role of the European nation-states, with respect to higher education, has become a serious issue of debate. This debate is part of a general ‘reshuffling’ of relationships between the state and the public sector. Arguably, higher education is one of the sectors where this ‘reshuffling’ has been most extreme and most successful.

¹²² Don Gerth, personal communication, 13 April 2005.

In particular the socio-political demands and expectations with respect to higher education have grown—especially concerning its economic role—whilst at the same time in most countries the level of public funding of higher education is stagnating or decreasing. This has led to an imbalance between the demands many stakeholders make on higher education, expecting a rapid reaction, and the capacity of higher education institutions to respond adequately to these demands.¹²³

In other parts of the world as in the United States, and particularly in Western Europe, reform has increasingly focused on issues of institutional efficiency and mission relevance. There has also been an insistence on increased transparency not only in the evaluation of higher education but also in the processes involved. Pressures to meet these demands from business, industry, and the local community have been constantly emphasized, and government has reinforced these pressures. Research programs have been initiated to identify appropriate policies and procedures as well as models of creative and innovative means by which to address this new relationship.

One of these policy centers—the Center for Higher Education Policy Studies at the University of Twente—has undertaken a new research program with the theme “Higher Education and the Stakeholder Society.” Its research addresses the notion that present day higher education institutions are forced to be in constant dialogue with their stakeholders in society.¹²⁴

The historic public trust relationship between institutions of higher education and the public they serve and with whom they have a social contract demands fundamental changes in the relationship between colleges and universities and their environment. The market in which colleges and universities compete and operate is driven by processes and interactions that gain impetus from advances in technology, telecommunications, and the networked society and economy. Simply put, institutions of higher education are one of society’s organizations that cannot escape—and should not escape—ongoing and adaptive relationships with its stakeholders.

The same is true of effective governments. Failure to promote the social good, resulting from being “out of touch” or “out of sync” with the public’s interests, can erode the basic trust that governments rely on in managing effective and efficient programs and services and may contribute to problems of coordination, fiscal stability, and communication.

In the international arena, efforts are underway to identify new modes of coordinating the needs, priorities, and interests of stakeholders, particularly government and higher education. As at the University of Twente, others are focusing on how “individual higher education institutions adapt to the developments triggered by mass individualization and information and communication technology. How does the organizational structure and culture change, and how do these reshape the accountability obligations toward their stakeholders?”¹²⁵

¹²³ Center for Higher Education Policy Studies, “Governmental Policies and Programmes for Strengthening the Relationship between Higher Education Institutions and the Economy,” University of Twente, September 2000.

¹²⁴ See CHEPS, “Higher Education,” 3.

¹²⁵ CHEPS, “Higher Education,” 4.

STAKEHOLDERS AND ACCOUNTABILITY FRAMEWORKS

Accountability policies for higher education developed or considered by various stakeholders are based in large measure on their conceptual framework and ideological orientation. The ideology behind the policy framework influences not only who answers to whom and for what purposes, but also how is it measured and/or reported. The interests and needs of various stakeholders must be addressed with this in mind.

“Accountability” often has different meanings for different stakeholders. Some see accountability as a panacea for all that is perceived wrong or inefficient in higher education, while others view it as a vehicle for promoting the value and success of the enterprise. Many traditionalists in higher education claim that accountability is intrusive and is a form of micromanagement, but this ignores the historical and continuous evaluation, accreditation, and peer review processes that are integral to the maintenance of quality institutions. Students, elected officials, business and industry leaders—all concerned about costs, graduate preparation, human capital formation, and a lack of “disclosure”—are increasingly calling for the higher education sector to be publicly accountable to all who have a vested interest in the enterprise.

There are a number of ways to look at accountability, one of which is to consider accountability in terms of *internal* versus *external*:

- *Internal accountability* – this is the accountability of those within the institution and system to one another on how the several parts are carrying out their missions, how well they are performing, whether they are trying to learn where improvement is needed, and what they are doing to make those improvements.
- *External accountability* – this is the obligation of institutions and systems to their supporters, and ultimately to society at large, to provide assurance that they are pursuing their missions faithfully, that they are using their resources honestly and responsibly, and that they are meeting legitimate expectations.¹²⁶

While accountability can be interpreted differently when applied to the development and implementation of an accountability system, for the purposes of this paper the following definition applies:

Accountability - A systematic method to assure stakeholders—educators, policymakers, and the public—that colleges and universities are producing desired results. Accountability includes common elements such as goals, indicators or progress toward meeting those goals, measures, analysis of data, reporting procedures, and consequences or sanctions.

In many instances, accountability mechanisms fall into a continuum of types based on the degree of control embraced by the institution and system or by the state. While policy formulations often focus on legal, financial, and academic or programmatic aspects of accountability, others argue for a larger continuum to better understand the nuances of

¹²⁶ Martin Trow, “Trust, Markets and Accountability in Higher Education: A Comparative Perspective,” University of California, Berkeley, 12 June 1996, 9-10.

accountability and the implications for stakeholders of policies that take into account the balancing of all aspects of accountability. Both internal control and external review are necessary for strategic management and accountability. No amount of external review can by itself ensure an entity achieves its objectives.

Efforts to develop accountability programs often fail to clarify the jurisdictions and governance that affect the implementation of the approaches taken. Inherent in often contentious discussions surrounding the approach to be undertaken. When individuals and organizations call for accountability, are they calling for documentation, reports, and calculations, for responsibility, or for both? Often, accountability implies responsibility. When dialogue about higher education and accountability occurs, implied in the conversation is that the parties involved take on some kind of responsibility. Thus, while accountability may refer to the calculating task of assessing student performance, it may also refer to one's ability to respond, be responsible and responsive to the conditions that prevail.

The accountability spectrum, when taking into consideration the level of control for legal, fiscal, and programmatic areas inherent in discussion and negotiation surrounding accountability policy, typically will include the following:

- Legal Accountability – requiring obedience to regulatory or bureaucratic authority;
- Fiscal Accountability – due diligence on whether the money (budget) is being spent in the appropriate categories and in the proper amounts;
- Programmatic Accountability – determining through various means, e.g., “report cards,” whether the educational enterprise has met publicly stated goals and objectives;
- Negotiated Accountability – when “the rules of the game” are not explicit or publicly stated in statute but agreed upon by the parties involved;
- Discretionary Accountability – no formal rules or regulations apply, which requires judgments to be made;
- Anticipatory Accountability – requires trend analysis and positioning in a proactive manner.¹²⁷

Questions of quality and accountability in higher education require a clear understanding of the value higher education brings to the state, to the individual, to society, and to the world of work. Thus the question is, what are a state's colleges and universities being asked to be accountable for achieving? Statements of learner attributes seek to articulate such outcomes, yet their conceptual basis is unclear and appears to be understood quite differently by various stakeholders, be they policy makers, educators, or the public itself.

From its very inception, a state's conceptual framework for an accountability system must reflect a shared vision of higher education. This necessitates a process of deliberation in which the various stakeholders responsible for higher education—both groups and individuals—actively participate. The framework and mechanisms to be developed and implemented should be approached not as the lowest common denominator but as a commitment to have high expectations and transparency in the process—a cultural shift for some states. From such deliberation and consensus-building a new vision for higher education performance can emerge built on the foundation of a coherent and “doable” conceptual framework.

¹²⁷ See Stephen Daigle and Patricia Cuocco, “Public Accountability and Higher Education: Soul Mates or Strange Bedfellows?” Research Bulletin of ECAR (EDUCAUSE Center for Applied Research), issue 9, 2002.

In a social institution with as much philosophical diversity as higher education, creating a common conceptual framework of accountability represents a daunting task. Through a careful, deliberative process, however, consensus regarding the core values that form the basis for the accountability system can be achieved. Mechanisms can also be instituted for ongoing review of the accountability system and its implementation to evaluate the adequacy of the framework, processes, and expectations, with recommendations for changes and refinements of the overall approach.

Understanding the conceptual framework of accountability in higher education will serve the interests of higher education, policymakers, and stakeholders as they work together in considering policy intent and direction concerning not only the future of higher education but also public accountability.

The conceptualization of the accountability framework will be informed by the intended role of an accountability system in any given higher education or state environment, which depends on several considerations:

- the political culture,
- the educational funding system, and
- the quality assurance procedures that will determine the optimal allocation of resources in a particular state.

The political culture of higher education can be geared, on the one hand, to equivalence in the provision of educational opportunities and, on the other, to variety in the educational system. The funding system can be incremental or differential. Quality assurance can aim at quality across the system or at comparative quality judgments.

Higher education, and a state's expectations for its system of colleges and universities, differs dramatically across the country. While stakeholders may have a single perception of what a college or university is, the fact remains that there are diverse institutional missions, students, and governance approaches which reflect of a state's history and that of its institutions of higher education. Historically this has been considered a unique strength of American higher education.¹²⁸

Given that there is no national system of higher education, a "one size fits all" approach to higher education accountability will not work. Yet, there has been some agreement about broad areas for inclusion in a state's accountability system framework—while recognizing, of course, that the "devil is in the details" of implementation.

Key strategies for state higher education accountability have perhaps best been articulated by Jane Wellman, writing for the National Governors Association:

- Establish goals in relation to statewide plans
- Focus on total state support for higher education
- Ensure comparability, simplicity, and visibility
- Include institution-specific information

¹²⁸ See Institute for Higher Education Policy, "Reauthorizing the Higher Education Act: Issues and Options," March 2003: 144.

- Track students
- Cultivate broad support for statewide systems
- Recognize the difference between K-12 and higher education.¹²⁹

The University of Texas' governing body and its president, for example, established an accountability framework at the system level and included a communication process to gather input and share plans with policy makers, in order to broaden support for the University of Texas' accountability efforts. The framework, which elaborates on each point, was outlined as follows:

- I. Definition of accountability
- II. State and national context
- III. Purpose and scope of this work
- IV. Organizing themes and basic elements of the study
- V. Consultation and communication
- VI. Timeframe¹³⁰

The conceptual framework for a state accountability system should take into account several important factors:

- The historic mission of higher education in the state;
- A clear articulation by the state of its goals and objectives for higher education;
- Access to financial resources to address state goals and objectives as well as the timely implementation of an accountability system;
- An understanding among all stakeholders that institutions are providing educational programs, engaged in research, and offering public services for individual learners as powers for good in their chosen endeavors and committees as well as for society.

With the above analysis—of conceptual and specific areas of focus when considering public policies for accountability in higher education, with a particular reference to stakeholders—as prologue, the following is intended to specifically identify those who are considered to be stakeholders. It needs to be understood, however, that some may warrant more consideration on any given subject or focus of interest. All, whether they are vocal, passive, or uninterested, are integral to any policy relating to accountability in higher education. Absent such an understanding, policy makers and educational leaders move at their own peril.

CONCLUSIONS AND RECOMMENDATIONS

Recommendation One

Mobilize a critical mass of internal and external stakeholders to fully develop, in a variety of settings and communities, the role that higher education plays in the life of the state, including the inextricable link between higher education and the economic vitality of the state.

¹²⁹ Jane V. Wellman, "Statewide Higher Education Accountability: Issues and Strategies for Success," Higher Expectations, National Governors Association, 2002, 7-16.

¹³⁰ "The University of Texas System Accountability and Performance Conceptual Framework," Office of the Chancellor, 13 December 2002.

The role of higher education in promoting a responsible citizenry and contributing to the overall quality of life for the citizenry of the state (in which research and other creative activities play an important role) must be made a more central part of marketing and interaction between higher education and all of its stakeholders. In an open, expanding, and diverse higher education system, the need for clear public information, shared points of reference, and consistency of nomenclature assumes a new importance. In addition, there is a clear need for assurance about the quality of academic programs, research, services, and performance.

Increasingly, higher education institutions, students, and employers operate and compete in a national and wider international context. This further reinforces the need for explicit information about higher education quality and performance at the state level as well as nationally, as institutions and stakeholders seek to compare themselves to or learn from other higher education providers.

Recommendation Two

Actively seek advice from a variety of stakeholders in higher education—especially students, parents, K-12 educators, colleges and university leaders, and business and industry.

Individuals and organizations should be asked to identify and communicate to individual colleges and universities, to their elected policy makers, and to governing bodies their top issues, priorities, concerns, and the barriers that need to be addressed to improve teaching and learning in the 21st century as well as for higher education generally.

Higher education and its stakeholders need to strengthen their partnership to ensure communication, transparency, and clarity regarding issues, priorities, performance, and expectations. The following stakeholders play major and specific roles in the influencing of higher education policy. Among the specific actions that should be taken with respect to each are the following:

State Executive Branch

- Assume leadership in ensuring that the necessary policy framework is developed and implemented in the state as well as periodically reviewed and updated.
- Work with the state's higher education governing or coordinating body and the Legislature in developing funding and accountability mechanisms in support of the policy framework and the state's strategic plan for higher education—both short and long term.
- Revise and simplify the budget process in conformance with the state policy framework and the state's strategic plan for higher education.
- Modify extant accountability mechanisms—both performance and fiscal—to make them not only consistent with the policy framework and strategic plan but also to increase information dissemination on the mechanisms and processes currently in use and the range of outcomes resulting from their use.
- Participate fully in efforts to advance the policy framework and strategic plan as well as to communicate to the public and all stakeholders the message relating to the role of higher

education in the state and its import as a strategic resource for the quality of life and economic vitality to be enjoyed by the citizenry.

State Legislative Branch

- Work with the Executive Branch to ensure the necessary policy framework is developed and implemented in the state as well as periodically reviewed and updated.
- Work with the state's higher education governing or coordinating body and the Executive Branch in developing funding and accountability mechanisms in support of the policy framework and the state's strategic plan for higher education—both short and long term.
- Revise and simplify the budget process in conformance with the state policy framework and the state's strategic plan for higher education.
- Modify extant accountability mechanisms—both performance and fiscal—to make them not only consistent with the policy framework and strategic plan but also to increase information dissemination on the mechanisms and processes currently in use and the range of outcomes resulting from their use.
- Participate with other entities in efforts to advance the policy framework and strategic plan as well as to communicate to the public and all stakeholders the message relating to the role of higher education in the state and its import as a strategic resource for the quality of life and economic vitality to be enjoyed by the citizenry.

State Governing, Coordinating Body, or Board of Higher Education

- Assume the lead in ensuring key steps required for implementation of a policy framework and strategic plan for higher education are taken, specifically to develop and recommend to the Executive and Legislative Branches:
 - a long-term plan for the financing of higher education in the state,
 - an effective and updated resource allocation mechanism, and
 - accountability mechanisms, both performance and fiscal.
- Change (or actively advocate for changing) policies and procedures to empower system leadership (where applicable) and campus executive leaders (presidents and chancellors); advocate or implement fiscal and operational flexibility with accountability.
- Analyze and ensure the development of college and university systems which have the intellectual and physical capacity to address student needs as well as programs aligned with the needs of the state and its citizenry.
- Provide or recommend the pre-requisite infrastructure necessary to ensure that higher education institutions have the capability and capacity to make adequate information on intellectual resources, research, best practices, and student capabilities accessible to the State and to its public schools.
- Develop the information systems and processes, including a data repository, to ensure accountability can be (and is) demonstrated in accordance with the core measures associated with the state's accountability information dissemination and for other purposes

for which the state's higher education governing/coordinating body has been assigned primary responsibility.

- Collaborate and cooperate with other stakeholders, particularly the higher education community and the executive and legislative branches of government in collectively moving the state education agenda forward.
- Support increased understanding of higher education challenges through analysis, information dissemination, and advocacy on identified key issues. Consider bringing together in issue-focused forums representatives of higher education institutions, funding agencies and government policy-making bodies to exchange perspectives, build understanding, and identify areas for potential revision in the State's education master/strategic plan.

Systems of Higher Education Governing Bodies (where applicable)

- Take steps to ensure that the collective capacity of its campuses—intellectual assets and programs—meet the needs of students and are aligned with the needs of the State and its citizens.
- Expand the definition of institutional purpose to include and address local/regional workforce and economic development (the world of work) in addition to the traditional roles and mission of the system.
- Enhance and refine a delivery system that can make system intellectual assets accessible to citizens throughout the state via technology and learning centers as well as alternative delivery systems to homes and places of business.
- Create a delivery system and partnership with the public schools to ensure that the intellectual assets, research, and best practices of higher education are accessible to the public schools, teachers, administrators, and students throughout the state.
- Provide the staff leadership necessary to create new financing, resource allocation, and accountability mechanisms.
- Create a culture of relationships, policies, and practices, which support and recognize entrepreneurial behavior and responsiveness to state needs, student needs, and other stakeholders on the part of campus leaders and staff.
- Develop and require campus implementation of information systems and processes to ensure that accountability can be (and is) demonstrated in accordance with the agreed-upon measures.

In addition, higher education should improve market information and information dissemination. For example, individual institutions of higher education should annually issue to their constituent families and students information on costs, prices, and subsidies.

Individual Campuses

- Create unique, high-quality institutional strengths—capacities that serve to make not only the campus but also the whole state system of higher education a stronger enterprise and one which is aligned with the needs of the state and its citizens.
- Collaborate with others in utilizing their collective strengths in ways which serve the identified needs of students and other stakeholders throughout the region/state and which minimize the barriers to accessing these assets.
- Develop an internal culture—values, policies and behaviors—that encourage and reward entrepreneurship and responsiveness to the needs of stakeholders.
- Strengthen linkages and relationships with stakeholders, engaging them in meaningful relationships and developing mutually rewarding partnerships; become engaged campuses with a focus on student learning, effective stewardship of resources, and transparency in operational behavior.
- Develop academic programs which help students understand the application of their knowledge at places of employment and in the larger society.
- Put in place those mechanisms necessary to ensure that flexibility with accountability is upheld.

Business and Industry—The Private Sector

- Work with institutions to ensure that educational providers understand expectations regarding skills and knowledge of college and university graduates.
- Collaborate with institutions in ensuring students gain an appreciation for application of their learning—internships, mentorships, etc.
- Participate in statewide and local efforts to expand and diversify the economy of the state.

Quality assurance agencies should take the state goals and objectives into account in their assessment of higher education institutions and/or programs and make the extent to which institutions and/or systems implement and meet the goals of the state an important element in the overall assessment of education. In addition, accrediting associations should reshape existing standards and review processes to include a greater emphasis on measures of effectiveness, especially student achievement, and less emphasis on available resources.

Recommendation Three

Expand educational approaches to address and meet the needs of relevant priority issues through collaborations and partnerships with external organizations and agencies.

An integrated network of local, regional, and campus-based expertise is vital to the quality and relevance of applied research and the timely delivery of information to constituents. Higher education, where it has not done so, should build key collaborative relationships through the development of strategic partnerships with its major stakeholders, including government, community, and business entities. Development of strategic partnerships is an essential element of higher education's mission to serve the needs of the state and nation as well as the communities that they serve.

An organized and coherent approach to constituent advocacy for programs and funding should be created, and a program to gather grass-roots support and advocacy for higher education implemented.

Recommendation Four

Establish ongoing informational strategies for various stakeholders, recognizing that on any given issue, certain individuals or entities will have more interest and engagement than others.

Such efforts should be targeted not only toward policymaking entities such as the Legislature, Governor, and governing board members but also toward high-level system and institutional officials, media representatives, faculty, and students as well as the general public.

It is also important to consider ways to improve the public's understanding of information disseminated about public higher-education institutions. While a big-budget public-information campaign on this topic may be neither feasible nor cost-effective, more modest efforts merit serious consideration, targeted toward special audiences and stakeholders.

Recommendation Five

Improve market information on public accountability.

Higher education should annually issue to their stakeholders information on costs, prices, and areas of performance that will enlighten, inform, and serve as a means by which stakeholders can clearly derive a greater appreciation of what the trends, issues, and opportunities are as it relates to the stewardship of money and mission. The information should include data for developing college-cost reports or handbooks that are widely disseminated to prospective students, their parents, and the media in print and over the Internet.

An integral component of this information dissemination, in addition to the specialized reports prepared in the course of meeting governmental and accreditation body requirements, is the use of the Internet for informing the public in a timely and effective manner. Part of higher education's communications plan should utilize the technology and telecommunications that have become a staple of everyday life for most of the population.

Improving and Assessing Performance: Accountability in California Higher Education

*Accountability is the obligation to report to others, to explain, to justify, to answer questions about how resources have been used, and to what effect. Accountability to others takes many different forms in different societies, with respect to different actions and different kinds of support. The fundamental questions with respect to accountability are: who is to be held accountable, for what, to whom, through what means, and with what consequences.*¹³¹

OVERVIEW

Higher education systems in many states, indeed in many countries, have come under increasing public and governmental scrutiny with respect to what they do, how well they do it, and at what cost. In some instances, a formalized accountability exercise has been implemented, usually based on the notion of “performance indicators.” In some cases, attempts may have been made to formulate a theoretical basis from which to derive performance indicators. More often, though, performance indicators are defined operationally and are often arrived at through some political process involving negotiations between government agencies and educational institutions. As a result, sets of performance measures may differ somewhat from jurisdiction to jurisdiction. In general, performance indicators are developed for application to conventional campus-based institutions.

Over 50 years ago, the State of California began making investments with an eye toward three primary goals—to increase water flow to the southern part of the state, to ensure that transportation corridors north and south as well as east and west were viable and available, and to invest in its institutions of higher education, as they were considered to be inextricably linked to the economic vitality of the State. These initiatives were considered essential infrastructure foundations to enable the State to thrive and continue to grow economically, socially, culturally, and educationally.

This investment provided a substantial return, especially as related to higher education. California’s colleges and universities became the envy of the nation, attracting many of the best and brightest high school graduates to study and build their careers here. The system offered a high-quality, affordable education to any Californian who wished to pursue it.

California’s higher education system—particularly its public colleges and universities—has been considered an exemplary model for other states to emulate. The system has consistently provided accessibility to a quality and affordable education not only for Californians but also for many from throughout the nation and world.

Notwithstanding its outstanding heritage, *accessibility*, *affordability*, and *quality* in higher education face an uncertain future in California without consistent and sustained financial support. A dynamic and rigorous system of higher education is critical to California’s future as it

¹³¹ Trow, “Trust, Markets and Accountability,” 2.

is inextricably linked to economic vitality and quality of life for all who wish to participate. Consequently, it is in the public interest for the state's policy makers and institutions of higher education to continuously preserve, sustain, and improve its educational resources as the twenty-first century advances.

The overall objective of this paper is to provide policy recommendations and to offer strategies that are realistic, that will make a significant difference in both the short and the long term, and that can be implemented immediately.

In the development of this paper, at least six key themes are intended to animate California's contextual framework for its higher education enterprise:

- *Accessibility* – In California, as well as around the globe, increasing numbers of young people are realizing the benefits of pursuing postsecondary education. However, many of them face challenges to accessing and completing higher education. *How can California increase participation and success in higher education?*
- *Quality* – Defining, measuring and improving quality is a critical task for all higher education institutions and a legitimate concern of the students and stakeholders who fund them. *How should California improve the quality of its higher education system?*
- *System Design* – If increased access and improved quality are key goals for California, then a critical part of the solution is ensuring that the State has an effective higher education system design and structure. Improved collaboration among institutions would ensure that students could move easily along career and learning pathways. *How can the State make sure that its institutions constitute a coherent, coordinated system to meet California's goals for higher education?*
- *Funding* – It costs money to provide a great education and it costs money to gain access to education. The State must ensure that higher education is affordable for Californians, that those individuals who pursue educational opportunity are able to do so, and that institutions can thrive in that environment. *How does the State pay for higher education to assure opportunity and excellence?*
- *Accountability* – The increased awareness of the critical role that postsecondary institutions play in the economic, social and cultural development of the State, combined with the increased costs of higher education, have resulted in an increased demand for accountability in higher education. *Does the State have the right structures in place to know its higher education system is achieving the desired results?*
- *Trust* – The context in which young people and adults live and work, and the higher education environment itself, have changed. While access to higher education “certification” has become established as a widely recognized and credible qualification for progression, there are inevitable questions that are posed about any successful idea. Could it do even better? Could it do more? *Can higher education and/or the State be trusted to fulfill the social contract?*

The State's higher education system has played a vital role in the State's history and development. To continue to do so requires continuing attention to how to effectively address its relationship to the State—and vice versa—and to the people who have invested significant

resources in the State's higher education enterprise. To prevail in these challenging times, the State must make strategic decisions guided by a **shared vision** and set of **common goals** for higher education.

ISSUES AND OPPORTUNITIES

California's system of higher education is an impressive success story. Based on the 1960 Master Plan for Higher Education, the University of California, the California State University system, and the California Community Colleges from the public sector, Stanford University, the University of Southern California, the California Institute of Technology, and many other independent colleges and universities have served their communities, the State of California, the nation, and the world.

Over the last 45 years, and in many instances before the Master Plan was adopted, some of the finest minds in the world have pushed the boundaries of knowledge, science, and understanding. The State's community colleges became models of educational opportunity, providing access to the higher education mainstream as well as to occupational and vocational arenas. With past successes, it would be possible to rest on laurels and maintain the status quo in higher education—to coast along, bask in previous successes, and shirk the need for reform, renovation, and rejuvenation.

Though such an approach would be possible, it would be wrong for California to be content with things just as they are; the world is changing faster than ever before, and the pace of change will continue to accelerate in the areas of technology, telecommunications, and all aspects of life as we know it.

California's future success depends upon the effective mobilization of the imagination, creativity, skills, and talents of all of its people. And it depends on using that knowledge and understanding to build economic strength and social harmony. The following are three areas in which the State and its higher education system have to improve:

- Accessibility to higher education does not yet extend to people from all backgrounds. In California today, too many of those born into less advantaged families still see a university education as being beyond their reach, whatever their ability.
- The State needs to make better progress in harnessing knowledge to create wealth. That depends on giving universities the freedom and resources to compete on the world stage. The State needs to provide financial stability to world-class researchers and help turn ideas into successful businesses.
- The system must support its students financially. The State must be sure that no student is denied a higher education because he or she cannot afford the cost of a college or university education. Those who come from the poorest backgrounds should receive extra support when needed. However, acquiring a college education brings big benefits, and while the State may continue to pay most of the costs involved in studying for a degree, it is also reasonable to expect students to contribute.

This paper strongly advocates for the State to declare its intention to make the tough decisions on higher education, to deal with student finance for the long term, to open access to our universities, and to allow them to compete with the best. The State should seek a partnership

between students, government, business, and its colleges and universities to renew and expand its higher education system for the next generation. The proposals which are set out herein are intended to help strengthen such a partnership, for the partnership is the foundation for the State's future success.

This is a challenging time for California higher education. Economic difficulties and statewide budget constraints persist. Meanwhile, the public's expectations of higher education continue to mount. Colleges and universities are asked to:

- serve more students,
- meet workforce demands,
- spur economic development,
- expand research capacities, and
- contribute to the quality of California's social and cultural lives.

Although California has reason to be proud of its postsecondary educational institutions and their performance over the years, the State and its institutions must recognize that changes will have to be made if the educational needs of the State are to be met. The accelerated rate of technological change occurring throughout the world makes this a time of radical restructuring in business and industry, creating a critical need for knowledge and skills that differ from those required in the past. Furthermore, the employment environment will be far from stable and the average individual will change careers a number of times throughout his or her life. These changes present a number of challenges that require the State to review and update the policy framework we now use to guide postsecondary education decisions.

The return on investment reports of colleges and universities integral to studies of the economic impact of higher education have served as a centerpiece of efforts to convince legislators and stakeholders of higher education's worthiness for support and investment. Still, the true economic impact of higher education is much more complex than the simple "investment" model suggests. University research creates many "spin-off" companies that contribute to a state's economy. Additionally, colleges and universities animate a state's communities with many intangibles, such as faculty expertise—the sharing of intellectual capital—its application to local issues, policies, student volunteers, and public services. Perhaps the most important aspect of higher education is in fact the access and support provided to individuals with a high school diploma in order to "deliver" a college-educated citizen. Yet broader efforts are needed to inform and identify areas in need of attention as well as to report successes and dilemmas being faced by the state's higher education enterprise.

In the context of the public interest, it is necessary to ensure that an adequate system of accountability and feedback is systematically provided by institutions of higher education and elected officials. Often overlooked is the fact that public institutions of higher education are instruments of policy—public policy. Not only is there a need to expect institutions of higher education to be accountable for fulfilling their roles and responsibilities, but also the elected officials must be held accountable for fulfilling their responsibilities of providing policy direction accompanied by adequate resources to enable the institutions to fulfill their mission.

Postsecondary education institutions should be able to show students, government, and taxpayers that the available financial resources, including tuition and fees, are being used wisely and efficiently. The evaluation of results should focus on the potential of graduates and research

activities to contribute to the economic and social development of the State, and on the system's ability to meet employer and workforce requirements for well-trained graduates.

Essentially, an effective accountability system for any state consists of several elements, including leadership, vision, clarity, trust, and timeliness of data.

- First and foremost, there must be *leadership*—leadership from higher education as well as from elected officials—that is coherent, effective, and consistent. Absent such leadership, there will be high levels of intervention and micromanagement in the state's higher education enterprise by external bodies, diminishing financial and philosophical support.
- Also needed is *vision*—a unified vision, shared by essential stakeholders and articulated by the state and its institutions of higher education.
- By providing *clarity* of public expectations of higher education, policymakers will state the desired outcomes of higher education in a way that can be understood and implemented as policy and practice appropriate to each component of the State's system of higher education—by institutions, government, learners, and other stakeholders. Over time, cooperative work among policymaking components, educational leaders, and with stakeholders will add depth and substance to the expectations, while bringing fresh commitment and creativity to California higher education.
- In higher education, just as in state government, *trust* is earned, but it must also be given. While we as a State and as a society face a societal crisis of trust, in fact there is evidence of a culture of suspicion. Opportunities abound for the State and its higher education system, but there needs to be a cultural shift, both internally and externally to higher education. It is imperative that all parties trust one another enough to muster the collective will and skills so that together all can work enthusiastically to solve mutual problems.
- *Timely, accurate, and reliable data* are essential for effective decision making. Without high-quality data, decisions cannot be made effectively or reliably. A fact beyond dispute is that the unprecedented rates of technological advancement are having a direct impact on every facet of our social condition. Specifically for higher education and policy makers, new technology affords an increase in the call for quality data, its interpretation, and its implications. Invariably, this challenge necessitates the development of a radically different paradigm for data management, one that affords modern approaches to contemporary dilemmas such as benchmarking, accountability, and productivity measures. Critical to this approach is an environment that encourages, facilitates, and supports required fundamental organizational changes.

In California, for example, a 1998 Rand study, "Breaking the Social Contract: The Fiscal Crisis in California Higher Education," drew specific attention to the relationship between the state and its people and higher education. In addition to identifying the social contract espoused in the state's Master Plan for Higher Education as "the guarantee that all citizens who can profit from higher education should have access to it," the study went on to suggest that there was a disconnect between various state needs as a result of the changing social and economic characteristics of California's population:

The social and economic characteristics of California's population are changing so profoundly and rapidly that the current higher education sector as a whole is

already misaligned with the state's postsecondary needs. Each of the three segments of the public higher education sector—the University of California, the California State University, and the community college system—pursues its goals as understood through policy and practice. The question is whether these three parts together can meet California's postsecondary education requirements or whether the future holds a "tragedy of the commons" in which the segments may succeed by their own criteria, but hundreds of thousands of Californians will be turned away.¹³²

Earlier, in 1996, the Rand Corporation analyzed the trends that they thought would shape California's budget in future years. The opinion was that California's fiscal problems at that time were not transitory effects of the recession but signaled a long-term problem with the budget:

The implications of these results are unsettling: The demands that mandated programs make on the budget will grow considerably faster than revenues—and the resulting pinch will be especially painful, because the battle for funds will be fought over the relatively small portion of state spending that remains open to change. The prospects for continuing state support at the present level are very bleak in some areas, particularly higher education.¹³³

In viewing the past as prologue and recognizing the systemic issues facing the State of California and its institutions of higher education, the 1998 Rand study suggested in rather strong terms that the social contract was broken in California:

Unfortunately, there are signs that the far-sighted social contract designed by Clark Kerr—the guarantee that all California citizens who can profit from higher education should have access to it—will soon be broken. Postsecondary education in California faces unprecedented challenges, and it is floundering in response.¹³⁴

Meeting the challenges facing California and its higher education system will depend on people—their personal and professional integrity, and their authentic response to the challenges; it will depend on a wide base of enlightened, unswerving leadership at all public levels—to plan and organize action, to arouse interest, to evoke cooperation; it will depend on educators with vision, understanding, and the ability to build on the foundation that has been a cornerstone of a remarkable higher education system. Integral to the success of meeting the challenges will be a clear understanding of the expectations for all of the state's higher education system.

CLARITY OF EXPECTATIONS REQUIRED

The debate on accountability for higher education includes asking the question, *For what should higher education be held accountable?* The answer is an essential component of any

¹³² R. Benjamin and S. Carroll, "Breaking the Social Contract: The Fiscal Crisis in California Higher Education," Rand Corporation, 1998, 2.

¹³³ E. Bryton, S. Carroll, S. Rydell, and M. Shires, "Does California's Fiscal Future Bode Ill for Education?," Rand Corporation, 1996.

¹³⁴ Benjamin and Carroll, "Breaking the Social Contract," 2.

accountability system. For without a clear statement of expectations, it is not possible to judge whether a campus or system is performing well or poorly, nor can stakeholders know if a state's system of higher education is meeting state expectations.

California taxpayers expect public colleges and universities to provide access to high quality educational experiences for qualified students who can benefit from the instruction offered. It is also expected that public higher education will demonstrate efficiencies and productivity in the use of public funds, particularly in an era of escalating competition for State resources. But access to, and efficiency in, higher education are not enough if large numbers of students fail to achieve their educational objectives or are unable to apply their knowledge in the workplace. An accountability system for higher education would provide evidence of student achievement and the value added from a collegiate experience.

Although the California Postsecondary Education Commission (CPEC) and the public college and university systems have been engaged collaboratively in the identification and development of specific indicators of institutional performance, pursuant to statutory mandate, the process of developing an accountability system for higher education is hampered by the lack of a comprehensive student information system that has been proposed by the CPEC.

An expanded student information system would have the capacity to monitor students on a longitudinal basis and would provide information about the effectiveness of our postsecondary institutions. More importantly, California's movement towards greater accountability must first entail the establishment of explicit statewide goals, expectations, and performance standards for higher education.

The Use of Accountability Measures

With the adoption of any statewide accountability plan, a number of policy decisions must be made that are almost as critical as the setting of expectations for higher education:

- In what ways should the information provided by the educational systems be used?
- Should the State use accountability information as a basis for determining all or a portion of the State budget for higher education?
- Should this information be used simply as a valuable and instructive tool to guide the institutions toward improved performance with respect to the various accountability measures?
- Should incentive funding be provided as a means for encouraging and rewarding campuses that meet or exceed educational objectives?
- Are there multiple strategies that together, if implemented, would be the most effective means to achieving the desired objectives?

Current California Accountability

Accountability "activity," either in place or newly initiated, is not new in California. Since 1990, for example, accountability of higher education in its various permutations has attracted spurts of increased attention by the Legislature, the Governor, and other stakeholders, particularly during periods of fiscal stringency. More recently, as Congress has attempted to address the reauthorization of the Higher Education Act, accountability issues have been raised at the federal level. New concerns, in California as well as nationally, have been raised regarding

whether institutions of higher learning are being held accountable for accessibility and for their quality and performance. Similarly, across the nation, state governments, faced with increased demands on depleted budgets, have increased their concerns about whether their colleges and universities—the institutions that are instruments of state public policy—are meeting economic and social needs.

Efforts continue to be made—by policy makers, college and university leaders, students, faculty, public and private sector leaders, higher education associations, public interest groups, accrediting bodies, and other stakeholders—to develop and implement effective accountability systems so as to better inform policy decision makers, increase the likelihood of appropriate strategies being sustained, focused, and financed, and provide greater transparency to the public of the educational enterprise's performance and areas in need of attention.

Writing in spring 1997, Richard Richardson, Jr., made the following observation regarding California's approach to informing decisions and policy with data:

In the current policy environment, it is not clear that more or better information would necessarily have much impact on decisions. The Governor vetoed a student information system passed by the Legislature. It is much easier to cut deals with system heads on the basis of political philosophy and available resources than to try to make sense out of data pried from reluctant systems. Perhaps Californians prefer this arrangement. Higher education leaders seem to.¹³⁵

Over the past decade, California has begun to make some—albeit limited—progress towards greater accountability within higher education. There are several efforts underway, yet few are coordinated or reflect a cohesive state accountability system.

Community Colleges. In 1988, the Governor and the Legislature passed AB 1725, a bill that required the Chancellor's Office of the California Community Colleges to develop and report certain performance measures. In response to this law, the Chancellor's Office produces an annual report, *The Effectiveness of California Community Colleges on Selected Performance Measures*, in which the performance of the community colleges is revealed through nearly 60 indicators.

California State University. The California State University (CSU), in its 1998 Cornerstones report, declared its commitment to develop indicators of institutional accountability and to report annually. The process assesses nine performance areas to be included in the report: quality of baccalaureate program, student access, progress to degree, graduation, areas of special state need, relations with the K-12 system, remediation, facilities use, and university advancement.

University of California. The University of California (UC) issues a variety of annual and periodic reports on various aspects of their educational services. Under the University's May 2004 "compact" with the governor, UC is to report to the state annually on its performance on a variety of accountability measures. The University recently (January 2006) submitted to the

¹³⁵ Richard C. Richardson, Jr., "California Case Study Summary," in "State Structures for the Governance of Higher Education: A Technical Paper Prepared for State Structures for the Governance of Higher Education and The California Higher Education Policy Center," Spring 1997.

state its first such annual report under the compact. Included in the report are the following areas: degrees awarded, graduation rates, facilitating community college transfer, faculty honors, and technology transfer.

Performance Indicators in California

In 1991, the Governor and the Legislature passed Assembly Bill 1808 (Hayden, Chapter 741 of the Statutes of 1991). This law requires that, “demonstrable improvements in student knowledge, capacities, and skills between entrance and graduation be publicly announced and available, and that these improvements be achieved efficiently through the effective use of student and institutional resources of time, effort, and money.” It also requires that certain information be reported to the Postsecondary Education Commission by California’s three public systems of higher education. Until 2002, the Commission issued an annual report, “Performance Indicators of California Higher Education,” based on the reported data. The higher education performance indicators in this report are divided into five categories:

- Population Context,
- Fiscal Context,
- Student Preparation,
- Student Access, and
- Student Outcomes.

However, the Commission was unable to report on many of the indicators required by law, either because the data had not been provided by the systems; or there was an absence of consensus on the best way to measure certain outcomes within each system, such as student knowledge gains; or because the necessary resources were not available to collect and analyze the data. The report was limited to those measures for which existing data are readily available and for which agreement had been reached among the systems as to their definition, usefulness, and validity. Additionally, the information contained in the report served only to inform educators and policy makers and did not serve as a basis for making funding decisions for any of the three public systems of higher education.

Improving State Accountability within California Higher Education

While a rather extensive capacity exists to report on myriad aspects of institutional performance, California lacks the essential ingredient to implement an accountability plan for higher education, i.e., explicit statewide goals and expectations for higher education. A cornerstone of a sound and effective accountability system reflecting state policy interests is clarity in goals and objectives. Once a set of goals and expectations have been determined, it will be possible to identify the proper measures to assess the degree to which institutions are meeting them and to determine whether a system of rewards and sanctions to encourage institutional progress is warranted. Clearly, such a plan must take into account the diversity and uniqueness of mission of the numerous postsecondary institutions in the state and recognize their strengths as well as their limitations.

The California Postsecondary Education Commission continues to stress the need for California’s postsecondary education enterprise to focus on ways in which it can assess improvements in teaching and learning—particularly with the infusion of various technologies such as computers and distance learning through video. While recognizing that not all of the

factors that enhance student achievement, efficiency, and productivity can be quantified, the Commission believes that the State and its institutions of postsecondary education need a means by which they can assess their progress. Such information about student outcomes is critical if educational institutions are to maintain support for their core functions and adequately serve the people of California and the needs of California's economy.

CALIFORNIA'S LACK OF LEADERSHIP COORDINATION

A key challenge in California is the lack of coordinated leadership. In fact, at a 2005 Round Table Dialogue on Higher Education Accountability and Public Trust, several participants—all seasoned veterans of California's political and higher education panorama—identified the lack of coordination as the fundamental issue that must be addressed.¹³⁶

California's three public segments of education, along with many of the independent colleges and universities, are the source of much of the strength of higher education in California. Yet the reality and perception of supporters and critics are that the segments do not really have a mechanism that allows them to speak with one voice about statewide or overarching and long-term higher education goals.

The California Round Table on Educational Opportunity, formed in 1981, and its subsequent permutations—currently referred to as the California Higher Education Round Table—was originally formed to focus on issues that span lower and higher education “with particular concern for issues of access and opportunity.” A voluntary entity, the current Round Table is composed of the University of California President, the California State University Chancellor, the Chancellor of the California Community Colleges, the Superintendent of Public Instruction, the Executive Director of the California Postsecondary Education Commission (CPEC), and the President of the Association of Independent California Colleges and Universities. At one time the UC President's Office fulfilled the leadership function but no longer does so. CPEC is ideally positioned to exercise leadership in this entity; however, the agency suffers from the historical reluctance of the segments to relinquish control in the fear that CPEC might not always reflect the self-interest of each segment.

Contemporary discussions about mechanisms for synchronizing and/or carefully coordinating education's multiple endeavors within the State of California often fail to include the California Higher Education Round Table. This Round Table body, when faced in the late 1980s with the possibility of having its organization, structure, and function placed in statute, convinced the legislative and citizen committees reviewing the State's Master Plan for Higher Education that it would not need to be placed in statute and would voluntarily meet at least 4 times a year to provide leadership and a coherent voice to higher education policy.

While giving increased engagement and organizational credibility to the Intersegmental Coordinating Council (ICC), now its “operational arm,” the Round Table's silence in the last 15 years has been deafening. The work of the ICC has been instrumental in forging many productive and important partnerships in the last few years. Nevertheless, the ICC's work in advancing the State's Public Agenda and its priorities, in support of a more viable and engaged California Educational Round Table, merit serious consideration by the State.

¹³⁶ See David E. Leveille, “Accountability in Higher Education: The Role of Public Trust,” Research and Occasional Paper Series, CSHE.2005, Center for Studies in Higher Education, University of California, Berkeley, April 2005.

There was some disagreement among participants in the aforementioned Dialogue on Higher Education Accountability and Public Trust about whether expectations for higher education are clear in California. Some states, such as North Dakota, have specified what is needed in terms of workforce capability, degree productivity, quality of life, and other performance data. Similarly, South Carolina (as well as some other states) has tied specific expectations to budget allocations. At a “system” or “segment” level, the accountability system advanced at the California State University is effective in drawing various accountability measures together as well as providing transparency and information dissemination with respect to its ongoing efforts.

A former California higher education leader felt that California lacks clear expectations. Some experienced leaders point to the state’s Master Plan for Higher Education and the individual compacts negotiated between a series of governors and the UC and CSU systems as providing the expectations. These vehicles for state expectations, however, seem to fall short of the clarity and credibility many in the State are seeking. The compacts are criticized as a “deal” between individual segments and one politician—the governor—rather than a reflection of public policy as determined by widely representative legislative bodies.

In addition to the lack of higher education policy leadership and coordination from the State’s voluntary California Higher Education Roundtable, considerable doubts have been raised on several fronts regarding the State’s coordinating body for higher education, the California Postsecondary Education Commission (CPEC).

In 1974, CPEC was statutorily created as a successor to and replacement for the 1960 Master Plan’s Coordinating Council for Higher Education (CCHE). The demise of the CCHE resulted from the Legislature’s Joint Committee for the Review of the Master Plan of Higher Education in 1973. The Joint Committee concluded that although the structure and governance of higher education was in general adequate, its principal deficiencies could be traced to various problems of the Council. The Joint Committee concluded, “Coordination is the critical element in a well-functioning system of higher education.” An independent agency capable of articulating statewide needs and providing advice to the segments and elected state officials was called for.

The new independent body, CPEC, would have a majority of public members, a scope broad enough to include all postsecondary education, and a mandate to play an active role in continuous planning, taking into account the state’s projected educational needs as well as its present institutional resources. Additionally, the Legislature directed CPEC to provide advice on segmental budgets, to review and comment on proposed academic programs, to advise on the need for and location of new public institutions and campuses, and to review all proposals to change eligibility requirements. It also designated CPEC as the State’s federal agency to administer certain federal programs and receive federal planning funds.

As CPEC has evolved, however, its original charge and influence have been significantly reduced by its own sheer momentum, or lack thereof; by budgetary reductions for services, programs, and staff; and by the reticence of the Legislature and the Executive Branch to engage the agency in the prime areas for which it is responsible. Contentiousness, reticence, and barriers placed in its path by the segments of higher education have led to more political alignment and less independent analysis and advice.

An example of CPEC’s weak influence within the State is illustrated by a very significant and real issue only recently resolved; the specific details are still evolving. In the late 1980s, a major

new initiative of CPEC was undertaken in the area of long range planning. It included the development and desired implementation of a comprehensive longitudinal student database intended to provide researchers with empirical information about factors affecting success or failure of students as well as the movement of students within and between campuses in the state.

Ten years later and after many attempts to advance the agenda, the Legislature adopted legislation in 1999 to call on CPEC to monitor student movement within the educational enterprise through the use of unique student identifiers. The legislation also required CPEC to work with the segments of higher education to agree on what the student identifier would be and stipulated that no research project could be undertaken by CPEC without the agreement of the segments of higher education. After more than five years of obstruction, legal maneuvering, and the raising of multiple issues, an agreement has been reached to move forward in developing this new information system. Even the most positive individuals have become cynical about the time, energy, resources, and lack of progress made in such matters under the guise of “necessary consideration and deliberation.”

Inherent in all of this is the lack of trust among and between the segments individually and collectively with CPEC, and vice versa. Absent a *change of culture*, a *change in leadership*, and a *change of behavior*, there will continue to be a “business as usual” attitude, with the public and the stakeholders of higher education, particularly the students, being short-changed in the future.

California needs effective, cohesive leadership on behalf of the three public segments as well as the independent and private sectors of California’s system of higher education. CPEC, or something like it, must be restored and re-invigorated. The Texas model—the Texas Higher Education Coordinating Board—is an outstanding example of a well respected and effective state coordinating body and is something to be seriously considered as an adaptable model for California. It is, however, considered to be “too strong” for the California environment by some in California higher education.

One option that would empower CPEC would be to allow staffing commensurate with the lead offices of each higher education segment so that CPEC is seen as a peer entity. If such empowerment of the coordinating board is not feasible, another option would be to emulate North Dakota’s or Indiana’s model of having a roundtable with state leaders, business people, educational leaders, and the public that meets several times a year to identify and address key issues. Whatever the mechanism, it is essential for higher education in California to have a unified voice, with the ability to speak and be respected as a trusted authority on higher education.

While the accountability discussions nationwide and within the State are focused on a variety of concepts, in California there continue to be several fundamental issues with which the informed public is concerned: whether young people can get into educational institutions; whether they can move successfully through the colleges and universities in a reasonable amount of time so that the facilities can accommodate more students; and whether students and their families are able to afford the cost of that education. In California, access is declining and the productivity in terms of degrees conferred is not acceptable.

It is not unreasonable for the public to be concerned about these issues. The individuals in charge of higher education, policymakers and educational leaders alike, should be addressing

the subject in significant ways. As long as higher education avoids finding a way to remedy the problems of decreasing access and unreasonable times for moving through the system, the public will press the Legislature to make reforms. However, in the California Legislature as well as state government in general, there is much room for improvement. According to the Report Card on Government Performance, California received a grade of C Minus for Governing with the following observations:

They [California] certainly can't talk about how the state dwarfs anyone in the quality of its management. When it comes to management, California is the dwarf.¹³⁷

NATIONAL PERSPECTIVE

California is not alone in grappling with the issues associated with historical institutional autonomy, on the one hand, and calls for increased accountability in the public interest, on the other. Colleges and universities, and their states, increasingly are being asked—and in some instances required—to publicly report on their stewardship responsibilities in meeting state and institutional goals and objectives. Stakeholders are increasingly requiring reports on performance, i.e., the concept of return on investment as applied to the educational arena. In addition to providing various performance reports to policymakers, higher education is also being asked to communicate its stewardship performance to other stakeholders.

In January of 2004, in a joint effort of the American Council on Education (ACE) and the Futures Project, round table discussions were held among stakeholders to address issues related to the conundrum facing the higher education community and policymakers. The reason for this increased attention is, according to the ACE essay: “State after state is passing—or debating—legislation that alters the balance of autonomy, accountability, and public support, placing issues of privatization and the public purposes of higher education firmly on the negotiating table.”¹³⁸

In describing the changes that are occurring, the ACE essay draws attention to the context as well as how best to address the issues:

The relationship between public colleges and universities and their states is being redefined, with greater autonomy (freedom from state regulation) being exchanged for increased accountability (demonstrating how the institution will meet state needs in a fiscally responsible manner). The old relationship—one of rigid regulation balanced by considerable state support—is being replaced by a focus on performance and learning outcomes, with a smaller share of public college and university budgets coming directly from the state. However, each state seems to be setting off in its own direction, with varying levels of autonomy and accountability under consideration. While the new structures that are emerging—in the United States and around the world—hold the promise of greater flexibility, many fear that this new relationship is leading to the privatization of public higher education.¹³⁹

¹³⁷ “California,” in “The Government Performance Project,” *Governing*, February 2005, 42.

¹³⁸ American Council on Education (ACE), *Shifting Ground: Autonomy, Accountability, and Privatization in Public Higher Education*, Washington DC, May 2004, 2.

¹³⁹ ACE, *Shifting Ground*, 1.

At a conference in November of 2005 on the future of higher education and its relationship to economic growth, the Federal Reserve Bank of Chicago's President and CEO, Michael Moskow, suggested several strategies for restoring the higher education social compact:

- First, universities must be more transparent in their operations so that the public will have better sense of the value of higher education to society. Part of this transparency is financial.
- Second, institutions should make explicit how money is spent and what resources are available to ensure that tuition is not a barrier to attendance for talented students regardless of income.
- Third, higher education leaders need to address graduation rates that currently hover around 50%. Particularly in the case of non-traditional students, universities need to devise strategies to help students succeed.¹⁴⁰

STATE PERSPECTIVES

Within the State of California, there have been several efforts drawing attention to the need for improvement and reform as it relates to the governance, coordination, and accountability of the State and its higher education system. While almost every proposal set forth policy and strategic recommendations, few or none of the recommendations have actually been implemented.

With specific reference to accountability, many systems limit government's role to monitoring and impose consequences for lack of improvement. Such a perspective begs the question of whether there are consequences for policy makers for their role, or lack thereof, in ensuring that adequate time and resources have been made available to institutions of higher education which contribute to improvements. Further, should colleges and universities be held solely responsible for a lack of performance or improvements in areas of state needs or established goals when there is a lack of clarity regarding state goals and objectives?

Many reports and policy recommendations developed in California, either directly or indirectly, answer the questions above by recognizing that the State and its policy makers as well as the higher education system both must be held accountable for their policy making, efficiency, and effectiveness in the provision of opportunities for affordable and excellent higher education that will lead to the success of all who wish to pursue their aspirations and the "California Dream."

California Citizens Commission on Higher Education (CCHE)

The Citizens Commission, a body created independently of government and higher education, was organized to "help preserve and extend California's goal of educational opportunity." Among its action agenda and subsequent series of policy recommendations, the Citizen's Commission recommended "a strengthened system of statewide coordination and regional cooperation among educational institutions" to ensure that the "broad public interest in higher

¹⁴⁰ Richard H. Mattoon, "Higher Education and Economic Growth: A Conference Report," *Chicago Fed Letter*, The Federal Reserve Bank of Chicago (January 2006): 1.

education be given a more effective voice and the barriers to institutional cooperation be reduced.”

The Citizens Commission highlighted its belief that “neither the state government nor the institutions are seriously preparing to meet future challenges or that they are relying on approaches destined to fail.” Specifically, its analysis and recommendations pertaining to improving statewide coordination of all California public and private higher education drew attention to the state’s coordinating body for higher education. The Citizens Commission was concerned that the state’s present coordinating agency, the California Postsecondary Education Commission (CPEC),

- lacks the capacity to make a significant difference because it is not sufficiently independent of the higher education institutions it seeks to coordinate;
- is not inclined to take controversial initiatives in policy areas where its positions may be unpopular with any institutions of higher education; and
- lacks the authority to distribute competitive grants to public and private institutions with the purpose of achieving benefits across segmental lines.¹⁴¹

In addition to recommending that “statewide coordination of California higher education should be strengthened by changing the composition of the current coordinating agency and expanding its mandate,” the Citizens Commission provided several specific recommendations, including an expansion of their mandate:

- Serve as primary advisor to the Department of Finance, the Governor, and the legislature on how well the principles of the Master Plan for Higher Education are being accomplished and financed, for both public and private higher education.
- Serve as an agency to distribute special funds created to promote cooperation, efficiency and resource sharing among all public and private higher education institutions and K-12.¹⁴²

The Performance Institute (TPI)

The Performance Institute and its California Government Accountability Council studied the issue and offered its views on the subject. In its examination of the root causes of fiscal problems facing the State, ten factors were advanced as being in need of priority attention. Among them was specific reference to performance and information:

No Performance Information: State programs do not provide performance information to justify their budget requests, which prevents evaluations of the

¹⁴¹ California Citizens Commission on Higher Education, “A State of Learning: California Higher Education in the Twenty-First Century,” Los Angeles, June 1998.

¹⁴² California Citizens Commission on Higher Education, “A State of Learning,” 45-46.

effectiveness of their programs. Without evaluating performance results, we are left only to assume benefits are being provided.¹⁴³

California Performance Review

The California Performance Review (CPR) was initiated by Governor Arnold Schwarzenegger to conduct a focused examination of state government in California to bring about a Twenty-First Century Government that is a) innovative and dynamic; b) a better provider of services, more responsive and more accountable to the people; c) more efficient, effective, and transparent; and d) able to take advantage of new technologies and new ways of doing business.

After completing its study, the CPR team concluded that the educational structure in California is fragmented, as responsibility is divided among 16 separate entities. The CPR Team found that the California educational system (K-20):

- lacks coordination,
- lacks accountability,
- is not aligned with workforce needs, and
- lacks a coherent fiscal policy.

Among its reorganization recommendations and improved policy planning is a call for improving the effectiveness and accountability of educational programs. Specifically, as a focus on higher education, CPR recommended measuring outcomes as a way of improving accountability and established goals to this end.

In its report and recommendations issued August 23, 2004, the CPR team drew particular attention to the area of accountability:

Most states have systems for monitoring the performance of their higher education institutions. In California, each higher education segment has negotiated an agreement regarding performance, but the agreements lack consequences and lack system-wide cohesion. A clear set of statewide policy goals has not been defined. The development of a statewide accountability system would ensure that institutions receiving state funding provide services that meet the needs of the state.¹⁴⁴

Little Hoover Commission

The Little Hoover Commission, in a report entitled *Governing the Golden State* (June 2004), attempted to utilize lessons learned from previous efforts to fashion a “critical path” that leaders could use to develop well-analyzed and publicly supported solutions. As part of ongoing concerns relating to California’s fiscal crisis, the Little Hoover Commission’s Chairman, Michael Alpert, in a July 24, 2004 Commission Press Release, *Commission Provides a Critical Path for California to Restore Prosperity, Improve Performance and Rebuild Trust*, drew attention to the

¹⁴³ Carl DeMaio, “The Performance Institute,” Testimony Before The California Little Hoover Commission, 20 November 2003.

¹⁴⁴ California Performance Review, “ETV21 Improve Higher Education Accountability to Meet the State’s Needs,” 23 August 2004, <<http://report.cpr.ca.gov/cprprt/issrec/etv/etv21.htm>>.

need for the State of California to institute public goals as well as the need to restore public trust:

Beyond the current budget debate, state leaders need to confront and resolve a range of structural issues that hobble how policy decisions are made, resources are allocated, and services are delivered.

Clearly government will have to find ways to surely and swiftly progress toward public goals, such as an educated citizenry, safe communities and adequate health care. And in making these improvements, public leaders have an opportunity to restore the public's faith and confidence.¹⁴⁵

CALLS FOR INCREASED ACCOUNTABILITY

Within the last 20 years, there have been numerous calls for increased accountability emanating from multiple sources, if not from the public itself.

California Economic Development Corporation: VISION: California 2010

A clarion call was sounded in a March 1988 report by the California Economic Development Corporation, which declared:

California's higher education system is world renowned and has contributed to the state's economic development in such fields as agriculture, aerospace and electronics. Today, however, the state's universities face new challenges. Educational institutions are responding to these challenges today on an ad hoc basis, but in the future must develop a coordinated and systematic response.¹⁴⁶

The Corporation added its view that an important key strategic direction for higher educational institutions was to "review their traditional teaching, research and public service roles to meet the combined challenges of global competition, technological and demographic change." Such a review, according to the Corporation, "...is the responsibility of the Governor, the Legislature, the Postsecondary Education Commission, each segment of higher education and each public and private higher educational institution."¹⁴⁷

The Corporation went on to issue a challenge the State's system of higher education:

Higher educational institutions must respond to the demands of a global economy and a changing society. They must pursue excellence while serving a diverse population. They must strengthen core curricula while meeting new demands for lifelong learning. Failure will lead to a polarized society, growing social conflict, and a declining standard of living.¹⁴⁸

¹⁴⁵ Little Hoover Commission Press Release, "Commission Provides a Critical Path for California to Restore Prosperity, Improve Performance and Rebuild Trust," 24 July 2004.

¹⁴⁶ California Economic Development Corporation (CEDC), "VISION: California 2010," March 1988, 29.

¹⁴⁷ CEDC, "VISION," 30.

¹⁴⁸ CEDC, "VISION," 31.

Rand Report, Breaking the Social Contract: The Fiscal Crisis in California Higher Education

This report and its policy recommendations were commissioned by the California Education Round Table. Among its policy recommendations and strategies were the following:

- California's political leaders—the governor, members of the state legislature, mayors, and other state and local officials—should reallocate public resources to reflect the growing importance of education to the economic prosperity and social stability of California.
- Institutions of higher education should make major structural changes in their decision-making systems so that their leaders can assess the relative value of departments, programs, and systems in reallocating scarce resources.
- As part of their overall restructuring, California's colleges and universities should pursue greater mission differentiation to streamline their services and better respond to the changing needs of their constituencies.
- Colleges and universities should develop sharing arrangements to improve productivity.
- California should reexamine the financing structure for higher education and develop a strategic plan for allocating the limited resources it has available to most effectively meet future educational demands.¹⁴⁹

California at the Crossroads: Investing in Higher Education for California's Future

Arguing for increased investment in higher education and support for a strong and vibrant California, the report offers several strategies for the future of California higher education. Among this report's policy recommendations and strategies were the following:

- Meet measurable goals in areas such as enrollment, student achievement, and quality of teaching, and clearly communicate those results to the citizens; and
- Improve and measure productivity in student retention, graduation rates, time-to-degree, cost control, and faculty training.¹⁵⁰

Little Hoover Commission

In 2000, the Little Hoover Commission studied various aspects of the State's educational enterprise with a view to making policy recommendations for improving the effectiveness and efficiency of various State services. In carrying out its charge, the Commission studied the California Community Colleges and distributed a report and recommendations that were highly

¹⁴⁹ Council for Aid to Education, "Breaking the Social Contract: The Fiscal Crisis in California Higher Education," Rand, Santa Monica, California, September 1997.

¹⁵⁰ California Education Roundtable, "California at the Crossroads: Investing in Higher Education for California's Future," November 1998.

critical of multiple aspects of the State's community college system. (It should be noted that while the context relates to the community colleges, the perspective is applicable across the higher education spectrum.) In his letter of transmittal to various stakeholders, including the public, the chairman had this to say about accountability:

State funding mechanisms do not support desired outcomes—but they could. The governance structure has not created the accountability or facilitated the leadership necessary to develop the colleges—but it could.

The first step toward excellence is accountability. Employers, parents, civic leaders and students should know which services the colleges are providing for the funding they receive. Community leaders and voters should understand which services the colleges are offering, whom they are serving and how well they are doing their jobs.

Appropriations should reward growth, achievement and success—by colleges, by faculty and by students. In turn, we believe governance by the state and local boards will be reinvigorated.¹⁵¹

One criticism contained in the Little Hoover Commission report is particularly pertinent:

Information is not used to inform decision-making. Local boards and the Chancellor's Office collect and maintain information that could be used by multiple parties to inform decision-making. However, that information is not readily available. Local boards, the Board of Governors, the Chancellor, community college administrators, faculty, students, taxpayers, business owners and voters could all benefit from clearer and more readily available information on community activities.¹⁵²

In support of its emphasis on accountability and data-driven decision making, the Commission report went on to point out the need for improved accountability supported by the dissemination of sound data and information as well as their use, internally and externally, for policy and decision making:

Quality information is essential for oversight and administration, voting and funding decisions, whether to support local bond initiatives, where to seek out qualified employees or where to attend college. While some argue that existing information and the multiple layers of oversight and review are adequate, they have not resulted in high quality, efficient services or informed decisions.

The opportunity costs for the community colleges and for community college students are tremendous when information is not used to improve results. Recognizing that nearly one-fifth of all classes are dropped prior to completion and nearly one-half of all students fail to persist from one semester to the next, these opportunity costs are more than California or its residents can afford.

¹⁵¹ Richard R. Terzian, Chairman, Little Hoover Commission Report, Letter of Transmittal, "Open Doors and Open Minds: Improving Access and Quality in California's Community Colleges," 28 March 2000.

¹⁵² Terzian, "Open Doors," 73.

Seeking to improve accountability, the Legislature directed the Board of Governors to establish an accountability mechanism and to annually report indicators of success. In response, the Chancellor's Office routinely issues a report titled, "The Effectiveness of California Community Colleges on Selected Performance Measures." However, the information is reported for the state as a whole, rather than for individual colleges. And the Effectiveness report is of little value if the Chancellor does not use the information to improve services.¹⁵³

Specifically addressing the need for performance reporting, the Little Hoover Commission made the following recommendations:

Informing stakeholders on community college performance. Collecting information is only effective if decision makers have access to and understand that information. An Office of Accountability could make the information available. In turn, local boards could be charged with widely disseminating information on their colleges throughout their communities. This information would enable voters, taxpayers and students to hold locally elected community college boards accountable, by making decisions at the ballot box as well as decisions about which college to attend. Increased accountability could improve the quality of community college services, such as teaching quality, and could improve access to the colleges.

Federal student right-to-know regulations require the community colleges to inform potential students of particular characteristics of their institutions, including availability of financial assistance, course completion and graduate rates, and time-to-degree information.

Similarly, California requires the colleges to report information that could be used to help students and voters make choices about their colleges. While this information is available, it is not presented in a way that allows clear comparisons or encourages public accountability.

An expanded annual report card would inform students, voters, and community leaders about college activities and their effectiveness. Efforts to inform the public and potential customers about the services they receive for their tuition and taxes will improve their ability to shop around and to inform their elected leaders of their satisfaction with community college services.

Under state law, each district is required to conduct an annual, independent fiscal audit. The colleges could be subject to an annual performance audit that expresses to their consumer base the most pertinent information, in clear and easy-to-read formats, regarding where community college funding originates and what services and outcomes are provided in exchange for tuition and taxpayer support.¹⁵⁴

¹⁵³ Terzian, "Open Doors," 77.

¹⁵⁴ Terzian, "Open Doors," 86.

California Performance Review Report

In August 2004, California's Performance Review (CPR) Report offered many recommendations pertaining specifically to increasing the efficacy and efficiency of state government in California. A specific set of recommendations was made addressing the need for accountability in higher education. These were:

A. The Governor should issue an Executive Order containing a clear set of statewide goals and expectations for the state's system of public colleges and universities.

B. The Secretary of Education, or his or her successor, and the California Postsecondary Education Commission, or its successor, should work with key stakeholders to develop an enforceable state-level accountability system that produces meaningful information to measure progress toward the state policy goals established by Executive Order.

C. The Secretary of Education, or his or her successor, should publish a report with the results of this state-level performance measurement. The report should be provided to the Legislature by November 15 of each year.

D. The Governor should support the concepts contained in Senate Bill 1331 to establish a statewide California postsecondary accountability structure.

In addition, the CPR report made the following observations and recommendations specifically with regard to consolidating selected higher education agencies:

Summary

The California Community College Chancellor's Office, the California Postsecondary Education Commission, the California Student Aid Commission, and the Bureau for Private Postsecondary and Vocational Education should be restructured and consolidated into a single, unified Higher Education Division. This will reduce or eliminate the lack of policy and program coordination and accountability resulting from the overlapping responsibilities of these higher education entities.

Background

Californians typically do not know which state higher education agency to contact when they need information or assistance concerning a higher education matter. For example, the California Postsecondary Education Commission (CPEC) receives hundreds of inquiries annually requesting assistance with student financial aid and institutional quality related matters that are under the purview of other state higher education agencies. Since CPEC is limited in its authority to address these inquiries, it simply re-routes them to the appropriate state higher education agency. This structure results in confusion and agitation for students and members of the public.

Strong legislative interest continues to be expressed for better alignment of the policy responsibilities of CPEC and CSAC, better definition of CPEC's functional responsibilities and in the laws regulating California's private postsecondary education institutions.

Recommendations

A. The California Community College Chancellor's Office, the California Postsecondary Education Commission, the California Student Aid Commission and the Bureau for Private Postsecondary and Vocational Education should be restructured and consolidated into a single, unified Higher Education Division.

B. The Higher Education Division should be responsible for strategic planning for each of the consolidated entities and for coordination of policy, programs, resources and services across these systems.¹⁵⁵

Higher Education Accountability Framework of SB 1331 (Alpert, 2004)

A proposed state law (SB 1331) would have accommodated a deliberative process between the segments of higher education, the Legislature, and the Administration to establish statewide goals and to create an accountability mechanism to monitor progress toward meeting identified statewide goals.

SB 1331 would have implemented the recommendations of the California Higher Education Accountability Advisory Group, a panel convened in March 2003 by two legislative entities (the Senate Office of Research and the Joint Committee to Develop a Master Plan for Education). The group included national higher education experts, segmental representatives, and legislative staff. Through extensive discussion, parties outlined key principles for state-level accountability in California and enumerated four higher education goals: (1) educational opportunity, (2) participation, (3) student success, and (4) public benefits. In addition, they identified categories of data relevant to each goal and specific indicators appropriate to each category. Indicators could be measured on a statewide, regional, and/or segmental basis, depending upon the appropriateness and availability of data. In summary, the Advisory Group produced a template for a tiered accountability system that would measure overall progress on broad state goals and would provide for reporting segment-specific information.

In addition to providing accountability that builds on consensus, SB 1331 also included among its recommendations that an independent entity such as CPEC or its successor should oversee the higher education accountability framework and that it should inform policy and budget development but not be a performance-based budgeting system.¹⁵⁶

THE IMPORTANCE OF CULTURAL CHANGE

Many legislators and senior policy analysts, along with experts engaged with accountability in higher education and the restoration of public trust, have focused on “cultural change.” There has been concern about how institutions of higher education address changes that have occurred in the economy, in student demographics, and in public perceptions regarding higher education.

¹⁵⁵ California Performance Review, “ETV03 Improve Higher Education Accountability to Meet the State’s Needs,” 23 August 2004.

¹⁵⁶ California Legislature, SB 1331 (Alpert), California Postsecondary Education Accountability Act of 2004.

With respect to these concerns, policy makers—elected government leaders—and colleges and university leaders can initiate changes in the business of education. Instead of continuing to increase conventional measures of “educational inputs” or formulaic approaches to funding, states need to be making the right kind of investments in their institutions of higher learning to fulfill state goals. Goals frequently identified and articulated in one form or another include:

- increasing student access and assuring the success of those individuals attending higher education institutions;
- ensuring that funding of specific places of higher learning correlates to student achievement; and
- recognizing the link between higher education and the economic vitality of a state.

It will be neither easy nor quick to accomplish what many feel is needed. It cannot be done by colleges and universities alone or by any single stakeholder group by itself. While the colleges and universities of a state provide educational opportunity, a variety of services through their programs, and multiple additional endeavors, it is the public sector—in this case state government—that creates the environment that either fosters or inhibits the achievements of its colleges and universities.

What is required is a cultural shift in how state government and higher education think and work with regard to the educational process and outcome, particularly as it relates to a statewide perspective on higher education. Such a change in culture will require new processes, relationships, and the development or refinement of an accountability system in many states. The results, however, will contribute immensely to restoring the public’s trust that the “public’s colleges and universities” are not only performing well but also are meeting the needs of the state while maintaining quality and serving more people efficiently.

An essential ingredient associated with a cultural change in how stakeholders establish a basis of trust is the incorporation of accountability principles into their day-to-day duties. This can only occur if it is done one step at a time. Nowhere is this more important than in communication and efforts to understand the challenges and issues facing those entrusted with operating educational institutions and those providing instruction and research—elected officials, educators, and the public, all stakeholders in the colleges and universities of their state. Making information available in a form that can be readily understood, i.e., transparent, is an essential step in the trust process. As this process advances, the data that is mutually defined, developed, and provided will effectively build common understanding. Working in concert, stakeholders can address and resolve issues or strategies that need improvement.

The lack of communication and coordinated planning today among educators throughout the state’s educational “system” and between educators and elected officials, as well as the business community, is a serious impediment to providing high-quality indicators of performance, outcomes, and how money is being spent with what results. The need to harness the power of technology is self-evident and seen in best practices from around the country and globe. Meanwhile choices are being made that are affecting the future in terms of resource allocation, effective pedagogy and learning, and institutional effectiveness at all levels of the educational enterprise. Without sound data that is responsive to the collective needs of policy makers, there will be a continual cry for increased accountability not only in the public schools but also in higher education.

Many stakeholders in California expect the State and its system of colleges and universities to achieve and sustain a preeminent statewide array of higher educational institutions that are recognized for their distinctiveness and their excellence, nationally and internationally. In order to achieve the goals for higher education mandated by law and desired by stakeholders throughout the State, it is essential that California's colleges and universities, as well as proprietary schools, be of the highest quality, and that they be enabled to fulfill those teaching, research, and service activities that are specific to their missions. High quality in California's institutions depends in part upon the State's provisions for the intellectual, technological, physical, and support resources necessary to offer the best possible programs and services. But it also depends on leadership, on a commitment to excellence, and on a statewide commitment to the achievement of both statewide and institutional objectives. The achievement of excellence and the national and international recognition of California's diverse higher education institutions should be a priority of the State, its policy-makers, and its educational leaders.

PUBLIC EXPECTATIONS

In California, as well as most of the country, the citizenry expects postsecondary education to perform at a high level. While polls suggest that there continues to be relatively high regard for colleges and universities compared to other entities in our society, there is also a growing uneasiness relating to various aspects of the 'deliverables' associated with people's expectations of higher education—individual success, the quality of the learning experience, the applicability of the knowledge gained to the workplace or future careers, and the accessibility and affordability of colleges and universities.

Most Californians expect their colleges and universities to:

- maintain the highest quality and be affordable and accessible to Californians throughout their lives;
- graduate young people who are independent, knowledgeable, versatile, and creative—in other words, able to take up the many challenges and opportunities that the twenty-first century will present; and
- prepare graduates for quality jobs.

Further, Californians look to higher education to:

- make vital contributions to the social and cultural well-being of the country and state;
- contribute to, and draw from, the international network of research that supports prosperity and well-being and that serves to enhance our understanding of the world around us; and
- serve as a pillar of regional economic growth and of global competitiveness.

Are these reasonable expectations of higher education? How do colleges and universities measure up to public expectations? Do the institutions possess the wherewithal to adapt and change to meet these expectations?

Educational leaders responsible for colleges and universities take these questions seriously. There are grave consequences for everyone concerned if the problems at hand are not addressed and solutions found to resolve these issues. Essentially, most educational leaders

increasingly focus attention on what the State and society expects from postsecondary education in six key areas:

- quality,
- accessibility,
- mobility and portability,
- relevance and responsiveness,
- research and scholarship, and
- accountability.

Both institutions **and** governments are responsible and accountable for achieving these expectations. All who are associated with or responsible for colleges and universities need to recognize that postsecondary education is a long-term societal investment. Short-term, simple input measures of the performance of an institution—for example, dollars spent per student, selectivity in admissions, number of library volumes per student, and external research grants—are inadequate for assessing the quality and relevance of higher education. Instead, most internal and external stakeholders, including the institutions themselves and governmental policy makers, favor actual student learning outcomes, as well as other explicit outcomes such as the benefits realized from research.

This current effort does not attempt to be concerned with how to achieve the expectations nor with what level of public funding is allocated in whatever manner. While these certainly are important issues, they fall within the purview of individual states and their institutions. Each region of the country has a different social, economic, and cultural context and set of challenges, but all those engaged in attempting to address not only the public interest but also the benefits derived from institutions of higher education agree that public expectations must be clear and that all stakeholders, particularly policy makers, need to be committed to working with institutions to achieve them.

State leaders—the Governor and State Legislature—should clearly articulate “public” expectations of postsecondary education. They need to:

- *state the desired outcomes* of higher education in a way that can be understood and implemented as policy and practice appropriate to each jurisdiction, by institutions, governments, students, and other stakeholders;
- *supply a framework for accountability* for government, institutions, and other stakeholders; and
- *provide a basis for discussion and concerted action* at a statewide level.

Clearly, State policymakers and educational leaders must make affordability and access to educational opportunity a higher priority. Equally important is the need to make transparent to the public those aspects of performance related to these priority areas as well as several other areas of continuing interest. This is being done in other states through accountability systems—and while none of these are perfect and most are evolving, they contribute to a more effective understanding internally and externally of how the issues are being addressed and what the State is doing to improve in those areas in need of attention.

For the past decade, California educational decision makers at the institutional and systemwide levels have stressed the importance of institutional quality, productivity, and effectiveness. More recently, California policy makers at the Legislative and Administrative levels, aided and abetted

by public voices, have joined in the dialogue. All now look for State-level accountability measures to guide state planning, form a context for budgetary decisions, and monitor the return on public investment in colleges and universities. Unfortunately, there is an abundance of rhetoric and a paucity of action as it relates to the multiple areas of an effective State accountability system for higher education that closely reflects the best practices of such a system.

As encouraged in this report as elsewhere, to pursue their vision for California, policy makers and educational leaders should clearly articulate the State's primary goals. With a body of legislation and historical antecedents, including the landmark 1960 Master Plan for Higher Education, the State should reiterate its interest and support of higher education in pursuing its priorities from among the following illustrative statewide goals:

- increase opportunities for student access and success;
- ensure quality and accountability;
- contribute to the further development of California's economic health and vitality;
- achieve a cost effective and accountable system of delivering high quality higher education;
- enhance service to the state through the discovery and sharing of knowledge, research, and innovation;
- improve teaching and learning at all levels of education by joining with elementary and secondary education to improve teaching, professional development, and student achievement;
- support and encourage basic and applied research; and
- strengthen teacher preparation and improve the readiness of students for higher education.

It must be recognized that attaining the above list of statewide goals—or other expressed statewide issues—requires both sound policy **and** appropriate resources. Also, substantive effort is required by every member of the higher education community, governing boards, and campuses. Depending on the nature of the goals and objectives and the role, scope, and mission of an institution, some campuses may play a primary role in achieving certain objectives but no part in achieving others.

CONCLUSIONS

Higher education in all of its varieties has become an essential factor in any thinking about the economic and social development of California in the twenty-first century, and fundamental issues of higher education—issues of cost, access, and accountability—are inescapably areas that impact public policy. Not to address these issues in a comprehensive way is to shortchange California's citizens, students, and policymakers, as well as educators.

For several years, specific attention has focused at one time or another on the policy climate and environment in California as it relates to higher education. A few of these specific observations and issues are as follows:

- The State of California currently does not have a well-developed and focused mechanism for creating and managing a Public Agenda for higher education.
- There is no consensus about statewide needs and priorities—a public agenda that is widely accepted and that guides policy choices.

- The policy mechanisms for helping to ensure that the component parts of the State's higher education enterprise are working together as a system are not functioning effectively.
- Finance policy—very much the focal point for higher education policymaking in the State of California—is not well aligned with a Public Agenda or an articulated set of State goals. (The mechanisms—in several instances specific organizational entities—appear to lack internal coherence, having been adopted at various times to “solve” particular problems, and most often are seen as competitive and insular in their behavior rather than as part of a coherent and cooperative way of addressing issues.)
- Accountability is not systematically used to help focus institutional attention on a limited number of state priorities.

Postsecondary education in all its varieties has become an essential component in any thinking about the economic and social development of California in the twenty-first century. Fundamental issues of postsecondary education—issues of cost, access and accountability, to mention but a few—are inescapably issues that impact public policy. Not to address these issues in a comprehensive way is to shortchange California's citizens, its students, and the public.

In her testimony on “Problems and Challenges Facing California Higher Education” to the California Assembly Committee on Higher Education on February 22, 2005, Nancy Shulock drew particular attention to the challenge facing the State and its higher education system. Her comments captured the essence of the subject matter then and remain pertinent in the State:

Without concerted attention to the problems and challenges that are, indeed, facing California higher education, the state risks finding itself, in the not-so-distant future, with an under-educated population and a resulting diminution of social and economic vitality.¹⁵⁷

RECOMMENDATIONS

Recommendation One

To advance higher education in California in the public's interest and to sustain and increase public trust, there is a need to create a generally agreed upon Public Agenda for California higher education.

There is no consensus about statewide needs and priorities and no Public Agenda that is widely accepted and that guides policy choices. A Public Agenda would create links for higher education to focus on developing a plan for the future contributing to the highest quality of life for students, society, and the economy of California.

A California Public Agenda will go far to capture a vision for higher education and help forge an unprecedented new compact between the State and higher education. Furthermore, through a substantive Public Agenda process, public awareness will be raised relative to California higher education and its role and responsibilities within the State, nationally, and globally. Such

¹⁵⁷ Nancy Shulock, “Problems and Challenges Facing California Higher Education,” Testimony to the Assembly Committee on Higher Education, 22 February 2005.

awareness is critical, as the reputation and image of the State's higher education system—real or perceived—directly affects the desirability of the State as a place to attend school, to locate a business, to pursue a career, and to live. In addition, the quality, image, and visibility of California's colleges and universities have a direct as well as an indirect impact on economic growth and the quality of life to be enjoyed by all of the citizenry.

The State's Public Agenda would serve as the framework for multi-year relationships and understandings with the higher education system in California, as it would:

- focus resources toward strategic and supportive programs and services based upon California's statewide and regional assets and opportunities;
- address State priorities;
- create and sustain capacity of state institutions consistent with missions of those institutions and the needs of the State; and
- contribute to the development of a funding policy necessary for organizational sustenance and increases in capacity.

The creation of an independent body that has the capacity to engage in developing a Public Agenda could make recommendations as to the content of the Public Agenda to be submitted to the Governor and State Legislature for action and implementation.

The role and responsibilities of the entity charged with implementation of a broad public process should include several areas, including:

- reviewing in detail the policies that affect the pursuit of the Public Agenda, removing those policies that are identified as barriers to achievement of these ends, and creating necessary new ones;
- recommending cost-effective ways in which needed enrollment and program capacity can be provided for students in each part of the state;
- devising an accountability process by which progress toward achieving goals can be monitored;
- convening an annual meeting of policymakers and key stakeholders to review the Public Agenda, report progress and/or problems, and identify alternative strategies for pursuing key objectives; and
- devising, in collaboration with the Governor, Legislature, and other stakeholders, a sustainable financing policy for higher education.

What is needed is a broad, long-term view that focuses on the most critical issues facing California. In so doing, building and sustaining public support and trust for the Public Agenda is a critical ingredient. Coupled with engaging and obtaining legislative and gubernatorial support, the Public Agenda mechanisms and processes will go far towards identifying and implementing the State's priorities.

The intent is to ensure that the State, its higher education system, policy makers, educational leaders, and the public, focus attention and energy on the Public Agenda—so that the priorities articulated are actually accomplished. **How** the institutions accomplish the stated objectives involves decisions reserved to the institutions themselves.

Recommendation Two

To address the State's vision and its priority goals for the State's higher education system, the Legislature and Governor should move quickly to clearly communicate its highest priorities. Only then can these issues be addressed.

In the absence of a clearly articulated set of state priorities, an accountability mechanism cannot be used as an implementation device. Furthermore, the economic success as well as the future of the State is critically linked to higher education and to investment in human capital. To incorporate many of the best practices relating to accountability systems throughout the country, as well as to move the discussion along in a timely manner, legislation should be introduced and adopted intended to assist policy makers and educational leaders as well as other interested stakeholders in entering into a dialogue, identifying areas of consensus, and clearly articulating the State's goals and priorities.

The State's policy and governance structure for higher education is extremely dysfunctional. The educational "food chain" is based in large measure on outdated views of archaic priorities in terms of institutional recognition within the state, nationally, and internationally. The State's management structure has evolved so that higher education is just another state agency rather than separate from state agency rules and regulations.

Recommendation Three

To provide leadership and coordination for the State's higher education system, the State of California should commit resources to the establishment of a coherent and cohesive coordinating body for its system of higher education. Higher Education in this sense consists of the California State University System, the California Community Colleges, the University of California, independent colleges and universities, private postsecondary colleges and universities, and student financial aid.

Based in part on recent policy recommendations by various study groups and with the intention of addressing the need to improve the policy, planning, and value realized by the State's investment in its higher education system, there are several considerations and approaches to the implementation of this recommendation. The policies proposed through legislation in this paper are intended to address issues that have not been resolved satisfactorily or improved through recent efforts. Components of the proposed legislation have their own set of supporters as well as naysayers. The bottom line, however, is that for California to improve its standing nationally and, more importantly, to sustain the public's trust in its higher education system, increased attention and support must be provided through the mechanisms that in the past have enabled California's higher education system to function effectively and efficiently.

State leadership is also required to establish and implement funding policies and methodologies that provide sufficient and reasonably predictable State operating support and ongoing State capital investments for California's system of higher education. That calls, of course, for significant state investment and a reasonable return on that investment related to State expectations, and it will require that higher education be accountable for measurable returns on the State's investment.

Legislation, either separate or as a part of an inclusive California Higher Education Coordination and Restructuring initiative, should be introduced to stimulate discussion, dialogue, and action. It should incorporate the California Education Round Table into statute, as an overarching alternative to the current fragmentation and dysfunctional leadership for higher education in the

State. Such legislation can provide a locus of efficient and potentially effective roles and responsibilities.

By incorporating the California Education Round Table into statute, the State of California would recognize that the Round Table has the ability to contribute significantly to the dialogue and policy environment of California, particularly as it relates to higher education and the needs of the State. While this paper sees the Round Table's role in statute and incorporated into the processes contained within proposed legislative intent in the statute referenced above, others may see the necessity to specifically focus attention on the Round Table itself with a broader mandate and composition more broadly representative of stakeholders in all of education and California's future.

Recommendation Four

To create a framework and mechanism for coordination and cooperation between the State of California and its higher education system that will facilitate the conduct of collaborative activities in areas of mutual interest pertaining to the role and responsibilities associated with higher education in the State of California, the California Coordinating Board for Higher Education should be established.

Eliminating unnecessary State oversight and encouraging creativity and innovation at the colleges and universities within a coordinated state system of higher education would be integral to the Board's role. The marriage of institutional autonomy with statewide coordination provides an appropriate framework for the development of a dynamic higher education system that includes various types of institutions with clearly differentiated missions.

In order to accomplish the priorities identified in this and other papers, and in recognition of previous reports and recommendations pertaining to the governance and priorities of the public's interest in higher education, it is necessary to change California's policy in several key areas.

First and foremost, it will be necessary to define the role of the state's higher education coordinating body. Currently the California Postsecondary Education Commission (CPEC) has been denigrated to second class citizenship within the state's higher education environment. While there are reasons to support the restoration of this body to its historic antecedents, the fact is that its current level of support and trust gives pause to most experienced and objective observers. The State's coordinating body, CPEC, does not have the credibility or resources to take on the leadership role in this regard.

Lacking strong higher education constituencies, coordinating boards must operate in an atmosphere marked by dissonance, even at the best of times. The level of discord, however, ebbs and flows. Thus, each of California's previous and current coordinating agencies has experienced periods characterized by vigor and activity, followed by the acquisition of additional administrative responsibilities and program oversight, then in turn by periods of uncertainty and a weakening of the policy role. It is usually at the last stage that the legislature considers adjustments. Since the agencies' organization and authority do not change significantly over these cycles, these are probably not the sole issues. A more likely explanation is that while economic and political situations change, statutory assignments and the interpretation of mission change more slowly even while resources diminish.

At the moment, the State's coordinating agency does not have the credibility to assume a leadership role. It is not clear that policymakers, or stakeholders in higher education, either expect or want a state body to play this role; the role of the agency is viewed more as policy implementation than policy leadership.

Policy leadership for higher education is fragmented in the state. At the state level, the various institutions, legislature, other entities, and the Department of Finance all play major roles in formulating higher education policy. As stated by the 2004 California Performance Review Committee, "more than 20 state level entities currently set policy or administer programs for education and work force preparation in California." The Committee also drew attention to the fact that "having four separate state agencies with higher education responsibilities results in a lack of coordination, a lack of accountability, disjointed state higher education policies, duplicative information and data bases, overlapping responsibilities, and inefficient use of limited state resources."¹⁵⁸

The dispersion of policymaking, coupled with a lack of trust among the state entities and segments, creates circumstances in which considerable effort is spent in "coordinating the coordinators." However, in most instances there is no "synapse" between and among the entities that should be working together. Such a dysfunctional culture, allowed to continue unabated through inaction or benign neglect, will have a deleterious effect in the twenty-first century that in the end will impact the educational opportunity available for future generations. The people of California deserve an environment in which the component parts of its higher education system, including the State entities and mechanisms, are mutually reinforcing and aligned in pursuit of common goals and objectives.

¹⁵⁸ California Performance Review, "ETV01 Restructure the Role of the Secretary for Education," 23 August 2004.