

ACCOUNTABILITY IN POSTSECONDARY EDUCATION REVISITED

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ABSTRACT

Accountability in the private and public sectors of society has received significant attention in both research and practice, partly because of its importance, but also because it is challenging to define, measure and implement. The nature of accountability is complex, ambiguous and highly context-dependent. As related to postsecondary education (PSE), multiple stakeholders across the nation have been pushing for greater accountability for at least three decades. Various stakeholders, including elected officials at the national and state level seemingly obsessed with achieving a "one size fits all" kind of accountability system, continue to produce proposals and in some cases legislation, for our institutions of postsecondary education to provide, among other matters, evidence of improved degree production, cost control, and student learning. This paper identifies who some of the stakeholders are and provides a range of accountability initiatives underway since a Center for Studies in Higher Education report, "Accountability in Higher Education: A Public Agenda for Public Trust and Cultural Change," was presented in 2006, including a specific focus on California.

Keywords: US Higher Education, California Higher Education, Accountability, Institutional Quality, Public Trust

A. INTRODUCTION

The forces closing in on postsecondary education – new economic realities, changing demographics, the growth of poverty, and international change – will play themselves out regardless of whether our institutions are prepared for them. These thoughts resonate today just as they were indicated by several entities associated with postsecondary education over 20 years ago.

Whether they be governing board members, presidents, chancellors, or other academic leaders, directing the affairs of their institutions or systems has become just one problem after another. They struggle with the problems of maintaining or increasing institutional quality, while their stakeholders increasingly question the returns of its investment in PSE and the integrity of the enterprise itself. Leadership in this situation is far from easy, and for public PSE such leadership is more often than not made more difficult by the disinvestment by legislatures and governors.

There is increasing concern over the health of higher education in America. As a result of fiscal constraints, colleges and universities are retrenching, cutting back enrollments, reducing course offerings, increasing class size, deferring facility maintenance, reducing library acquisitions, postponing the acquisition of needed research and instructional equipment, freezing and cutting salaries, and cutting faculty and staff. These cuts also threaten access to postsecondary education for students from middle – and low-income families. At the same time, there are widespread concerns that: (1) the quality of undergraduate education has eroded over the past two decades; (2) higher education's response to minorities remains inadequate; (3) the production of scientists and engineers is insufficient to meet national needs; and (4) the quality of American research and development may be deteriorating in comparison with that of competitors.

(Institute on Education and Training, *The Redesign of Governance in Higher Education*, Rand, Santa Monica, California, 1992, p. ix.)

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Accountability has been one of the most significant themes of educational policy reform of the past two or more decades in the United States. At the same time, the nation's economy more recently has been hit by turbulent times, as systemic and structural weaknesses have made not only this country but for the most part the global economy particularly vulnerable to a series of external shocks that began in 2008-2009 but in fact have historical antecedents that go back many years.

Changing times continue to bring challenges to postsecondary education nationally as well as globally. Not the least of these challenges is the need to provide transparency and accountability to its governance, operation, program quality, performance outcomes, effectiveness, efficiency, and finances.

For PSE to grow in the United States, its advocates will need to carefully, consistently and cautiously articulate the purposes it serves, its effectiveness, and its efficiency.

The *visibility* of colleges and universities, while important, is less significant than its *viability*, which ultimately relies upon its *credibility*.

Measures associated with accountability reports has helped shape public policy and institutional development in many states by providing policymakers and education stakeholders with a comprehensive look at the state of PSE.

Accountability systems have become one of the most important vehicles for state policy in PSE, as they report measures of institutional performance within the context of larger statewide goals.

In a Working Paper by the Institute for Higher Education Policy, with a primary focus on community colleges, the importance, and shortcomings - of higher education accountability systems was underscored.

Our study suggests that, in their present form, statewide accountability systems are not likely to provide state policymakers with the kind of information they need to identify viable options and make effective choices to meet state performance goals. Accountability systems in their present form can also be a distraction rather than a help at the institutional level. As a result, critical policy decisions—like whether to accommodate enrollment growth in community colleges rather than in more expensive four-year institutions—are often being made based on weak or nonexistent data.

(Institute For Higher Education Policy, *Making Accountability Work*, Washington, D.C., May 2006, p. 3.)

While the impact of the economic recession has been widely seen in and experienced in most sectors of our society, it has been felt with dramatic impact on PSE. In particular, California and its public institutions of postsecondary education have seen unparalleled cost increases in the last few years, attendant to continuing oil price increases and ongoing disinvestment in its public colleges and universities.

These changes, and the states' attendant policy reactions, have brought key issues of governance and accountability, to say nothing of values, trust and integrity, to the forefront of the public's conscience. Included are fundamental questions about the proper size, structure, and role of the PSE sector in the new paradigm evolving and taking shape in California and across the country as well as the significant cost increases to attend our institutions of higher learning.

Writing in his newsletter, *EPI Today*, on August 7, 2009, Watson Swail (President & CEO, Educational Policy Institute) offered his commentary on the state of higher education in the United States under the headline, *The American Higher Education System: May It Rest in Peace*:

I'm not sure when it happened, but sometime recently the US Higher Education System passed away, quietly in its sleep, of causes undisclosed to the public. The System, which leaves behind an overbloated four-year system, an underdeveloped and underskilled two-year system, and an illegitimate proprietary system, had not been well for quite some time. To those closest to The System, they knew it was coming; they just didn't know when.

While others, inside and outside the postsecondary education walls, have voiced similar concerns there has been the ongoing cacophony of those within the ivy walls offering up the traditions, legacies, self-promotion, and age old homilies about the perfection of higher education. All that is needed are more funds, to be left alone, and to allow the institutions to do their own thing. After all, the genius of American higher education is its ability to rise above the madding crowd of naysayers and provide a quality education at a fair price while providing much needed services and research to the advancement of humankind.

Amidst such dissonance continues to be an increasing call for accountability, increased transparency, and assurance that the return on investment, by the state as well as by students and their families, is assured. In other words, close the tragic gap between the rhetoric and reality.

On October 17, 2011, six presidential higher education associations announced the convening of a new national Commission on Educational Attainment (Attainment Commission or Commission). According to the press release, *"The Commission's goal is to chart a course for greatly improving college retention and attainment, and, in turn, restore the nation's higher education pre-eminence."* On January 23, 2013, the commission released "An Open Letter to College and University Leaders: College Completion Must Be Our Priority" to call upon their colleagues to make retention and completion a critical campus priority to stem the unacceptable loss of human potential represented by the number of students who never make it to graduation.

Interestingly, as is the case too often when studies or committees are formed relating to postsecondary education, there is either amnesia or limited memory of previous reports and recommendations on similar subjects. For example, a similar commission to the Attainment Commission was formed and reported its findings in 2005. That commission, named the National Commission on Accountability in Higher Education (Accountability Commission or Commission) was formed by the State Higher Education Executive Officers to *"stimulate conversations and make recommendations addressing the issue of accountability in higher education"*.

The Accountability Commission was co-chaired by former Governor Frank Keating of Oklahoma, and former Secretary of Education and former Governor of South Carolina, Richard W. Riley of South Carolina. In remarks made to the American Council of Education on February 15, 2005, in advance of the release of the Accountability Commission's final report on March 10, Paul Lingenfelter, Executive Director of the State Higher Education Officers, stated that *"The Commission Report highlights three areas where performance must be improved, student success, research (capacity), and productivity (and cost effectiveness)"*. Mr. Lingenfelter also observed, *"...the word 'accountability' makes us uncomfortable in higher education."*

In the relatively plush economic times of 2005, the "accountability" discomfort could be avoided and the Accountability Commission's report could be ignored or put on a shelf somewhere to gather dust. In these post-recession times - with much worse economic conditions than then - that should not be an option.

American postsecondary education is never static and particularly in the last decade it has been in a continual state of transition and change, subtle as it may have been. As an increasing number of people of all ages have sought admission to colleges and universities, as students have raised concerns about the nature of their collegiate experiences, and as postsecondary education itself has been caught up in uncertainties concerning their role and function in society as well as the sustainability of resources provided from taxpayers in the case of public institutions, numerous institutions of postsecondary education have made plans and in several cases, for varying reasons and to achieve different goals, to change their structure or mission, or both. At the same time, new types of institutions, think for-profit, have been created and existing ones expanded.

Increasingly since the turn of the century, colleges and universities have experienced a crisis of authority and confidence both on and off campus. Though not new, various stakeholders see them as an instrument of forging a new society, instruments for sustaining and strengthening the status quo, or as being unable to manage their own affairs. The intensity with which these various stakeholders - be they students, parents, business and corporate leaders, politicians and taxpayers, or a myriad of other individuals or groups - are being pulled by these different interests not only stresses the importance of identifying what the public agenda is for PSE but also how to reclaim the trust that is so important for the vitality and viability of these institutions.

Postsecondary education is not immune from the growing pressures to hold public institutions more accountable to the public for their funding and services provided. Tuition hikes, fiscal constraints, accessibility to a college education, and a myriad of internal and external issues all contribute to drawing a spotlight on the efficiency, effectiveness, and efficacy of colleges and universities - public and private - in handling their affairs. Postsecondary education is in the public's interest. And each time there is a tuition hike, an increase in the compensation level of the chief executive officer, bringing in more out of state and foreign students to generate higher revenue streams, or "perks" for speakers or "high rollers" and a few other issues, each and all promises to bring even greater attention to accountability measurement in colleges and universities.

All around the world, the pace of change in PSE is accelerating. In the face of continued increases in participation, demographic change and - in the west at least - profound fiscal crises, postsecondary education institutions are increasingly being required to raise funds from students as opposed to relying on transfers from governments. Indeed, the rate of policy change is coming so quickly that it is difficult to keep track of all the relevant developments in different parts of the world.

The national and international economic, political and social environments within which PSE institutions and national and sub-national governments operate greatly influence their decisions on tuition fee and student financial assistance policy. In 2010 many public postsecondary education systems continued to feel the effects of the global recession. Funding cuts were experienced around the world especially in the hardest hit countries such as the United States, Canada, much of Europe, and Japan. There were also significant funding cuts to postsecondary education in several other countries as well.

In virtually every region of the world, given increasing enrollments, rising costs and the ongoing competition for public resources from other critical public sector services, postsecondary education institutions are being pushed to access increasing proportions of their revenue from private sources including student tuition fees, donations and income generating activities such as faculty consulting and facility rental. At the same time equity and access concerns lead to changes in financial assistance policies that are aimed at mitigating the negative effects of decreased government investment in postsecondary education.

Issues of university autonomy and accountability remained on the agenda of many countries in 2010 especially in Europe and Southeast Asia. University governance patterns are continuing to evolve towards greater university autonomy especially in financial matters. Over the past decade there have been major transformations in postsecondary education governance systems both at the system and the institutional levels. At the national level, governments in virtually every region of the world have been retreating from direct management of public universities by giving them more autonomy to set their own goals and manage their own affairs, and especially pursue non-governmental sources of funding. At the same time, there is a growing tendency for governments to introduce new forms of control through accountability mechanisms to balance this autonomy.

American postsecondary education, so clearly a source of strength for our pluralistic society, faces the impact of many unsettling environmental factors such as impending declines in enrollment – some forced by the institutions and some declines due to the economic downswing, continuing prospects for inflation, and the very real and continuing prospects for reduced governmental funding.

It is clear that there is an increased interest in the financial viability of educational institutions on the part of governing board members, administrators, elected officials, and many other stakeholders.

In the United States direct funding for public postsecondary education comes from the individual states and because states are required to balance their budgets each year, most states have been reducing their appropriations for higher education due to the economic crisis. (Marcucci, Pamela and Usher, Alex (2011). *Tuition Fees and Student Financial Assistance: 2010 Global Year in Review*. Toronto: Higher Education Strategy Associates, February 2011, pp. 1-4.)

The ultimate conclusion is clear: for a state or region of the nation whose competitive advantage nationally and internationally depends upon the skills, knowledge, and entrepreneurial instincts of its residents, cannot afford complacency. In the 21st century, poor preparation for learning and for career advancement is a serious disadvantage. The skills and knowledge required to be able to make sound career choices, pursue good jobs, and adapt to economic realities have been rising steadily. A high school diploma alone cannot guarantee a path to a decent standard of living—and the lack of a high school credential makes economic hardship all but certain.

Success in today's economy requires academic skills that signal college-readiness in reading, writing, and math at a minimum. In addition, employers increasingly look for a broad set of non-academic skills: intellectual skills such as critical thinking, problem-identification and problem-solving skills; practical work-related skills such as time management, the ability to work in teams, and the ability to adapt effectively to changing work situations. A consensus has formed that the most reliable way to learn and use these skills is by earning a postsecondary credential valued by other education institutions and by employers. PSE is the gateway to advancement and success.

In this environment of rising expectations from both PSE and employers, educational institutions are under great stress and face great challenges. They must accomplish for all their students what they once only had to do well for about one-third of them: graduate young people ready for college and career. To do this will require a very different commitment to motivating and supporting all students to succeed—starting with enriched learning experiences early in their educational trajectories, creating options and programs to help those who fall behind get back on track, and making college-going culture a routine component of schooling for all youth. This will also require creative collaborations to stimulate deep innovation in how we organize and deliver educational opportunities, from early childhood through young adulthood and beyond. Collaborations need to bring together not only educational institutions but also non-school stakeholders in learning, including employers, civic leaders, community-based organizations and agencies, and government.

Clearly, when one considers the current and future of PSE, several factors have continuing implications on PSE, all with varying degrees of prioritization given the perspective from an institutional, system, state, federal, or international point of view. Additionally, factors such as a public agenda, governance, public trust, transparency, finances, and student learning all are integral to the continuing pressing issue of accountability in postsecondary education.

Whether it is The Morrill Act, A Nation at Risk, the G.I. Bill, The Master Plan for Higher Education in California, or several other sentinel documents related to postsecondary education in the United States, many of the documents are a blueprint for current serious consideration and action amidst what many consider to be contemporary issues. While it is recognized that policymakers, stakeholders, and most citizens are generally most interested in the present and the future than in the past, particularly when it relates to postsecondary education, the fact remains that the historical antecedents of the present can and should inform the present and the future. This is particularly true when the present and future are facing many similar issues and conditions that the past has already addressed, often repetitively.

Throughout the history of man, as specifically related to postsecondary education, the experiences of the "higher learning" has been limited to a very small proportion of the population. Arnold Toynbee suggests that this limitation was often deliberate in order to reserve the specific benefits for a particularly select group, often from a given social class, extended occasionally to the highly gifted of other classes.

(Arnold Toynbee, *Education in the Perspective of History* by Edward D. Myers with a concluding chapter by Arnold J. Toynbee, Harper and Brothers, New York, 1960.)

This ancient doctrine of the elite was usually rationalized by the argument that only those of very special ability and background could profit from postsecondary education.

B. THE PAST AS PROLOGUE

In a 2006 report from the Center for Studies in Higher Education, the following was identified as 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.

(David E. Leveille, "Accountability in Higher Education: A Public Agenda for Public Trust and Cultural Change," Center for Studies in Higher Education, Berkeley, December 2006, p 7.)

Six years later similar critiques can be stated only in stronger terms. Actions taken by many states, and in several instances inaction, create a conundrum.

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.

(Leveille, *ibid.* 9.)

Perceptions, real or imagined, have generated issues relating to not only accountability, however defined, but also the governance of public institutions of higher education.

Institutional autonomy exists to protect the pursuit of truth, not to protect institutions from accountability. This privilege should not be invoked to discourage appropriate oversight and real self-regulation. But that is what is happening. In 2006, the Secretary of

Education's Commission on the Future of Higher Education concluded that the accreditation system had "significant shortcomings" and asserted that "[t]he growing public demand for increased accountability, quality and transparency" required a "transformation of accreditation".

- Postsecondary education is expected to justify the public investments it receives by helping to raise the appropriate human capital to deal with the socio-economic challenges confronting the state, nation and even in most countries worldwide and to position them to effectively survive, compete and succeed in the knowledge economy.
- The ability of colleges and universities to mobilize and allocate human, material and financial resources in pursuance of the trinity of mission – teaching, research and community service in a manner that maximizes output and reduces 'production costs' and assures quality determines the level of efficiency.
- Postsecondary education is a major contributor to the social and economic progress of the nation. For Californians, institutions of higher learning provide a wealth of knowledge for individuals, communities, regions, and the State. PSE is inextricably linked to the economic development of the State and has contributed to the human capital that has fueled all aspects of the State.
- Postsecondary education is an investment in human capital. Human capital, like economic capital, is the source of economic growth. The investment in human capital shares many of the characteristics of other social and economic investments such as investment in technology or construction of roads and airports. First, there is an initial period of investment where individuals, families and society incur costs as a person acquires knowledge and skills. This investment period is followed by entry of the educated individual into the labor market. The result is a lifetime of more stable employment and significantly enhanced earnings compared to the less skilled and educated.

The State benefits from its educational institutions in multiple ways.

- Postsecondary education...
 - provides broad-based education and training to citizens throughout the State;
 - trains our youth for the jobs of tomorrow;
 - helps people retrain to meet new job challenges;
 - aids in the transfer of technology from pure research to applied research to practical application;
 - preserves and extends cherished social and cultural values;
 - reduces poverty;
 - improves the economic well-being of women;
 - reduces unemployment;
 - represents a major contribution to economic growth; creates a wider variety of personal, familial, and social benefits that are not captured in the earnings measures that make up the calculation of the return on human capital investment.

These benefits are achieved through several major functions:

- The provision of education, research, and private and public service, which has a dramatic fiscal and employment impact.
- The process of working directly and indirectly with business and government in the creation of economic and social goods.
- The creation of human capital that impacts directly on the economic growth of the State.

Accountability has become an increasing catchphrase of the electorate in recent years. Why? There is a loss of trust and cynicism that has emerged in many states, fueled by scandal and perceived misuse of authority in both the private and public sectors. This has raised a call for increased transparency, accountability and some assurance that what is being delivered represents value for money and good management as well as sound and effective public policy. In the public sector, taxpayers are rightly demanding of their elected officials and college and university leaders and managers: How can we ensure that our tax dollars are being spent wisely?

PSE institutions have faced increased accountability expectations over the last decade. Whereas these institutions might previously have been asked to report on number of enrollments, number of courses taught, and other *inputs*; today, they are being asked to report on student learning and employment *outcomes*. The focus on increased accountability stems from several major trends and stakeholders of PSE, including government, the private sector, and citizens.

First, across the board, taxpayers have pressured government agencies to demonstrate effective and efficient use of public dollars. Increased accountability for primary and secondary educational institutions has crept up the education ladder to PSE. Additionally, limited state dollars for public services in general force PSE institutions to justify their state funding. These institutions must demonstrate that they are more important and more necessary through their accountability systems in order to continue receiving state funds.

Second, employers expect more from all educational institutions, especially postsecondary. Technological innovations and new business practices require increased job skills. Employers expect new workers to come to the job with these skills. Many rely on institutions of higher education to train current workers in them.

Finally, citizens who are customers – students or otherwise recipients of services - of PSE demand more. PSE customers expanded from mostly traditional young adult, four-year students to a myriad of types of students with varying demands. Adults are returning to school in record numbers. The percentage of part-time students on campuses has increased significantly. Students want shorter courses and programs that can be combined with full-time work. A growing supply of non-traditional PSE institutions and programs has risen to meet the new needs of students. To meet the needs and to compete with these non-traditional institutions, public PSE institutions must show results. In order to show results, their success must be measured.

State higher education organizations have responded at varying degrees to increased pressure for accountability. *Measuring Up 2000*, the first comprehensive report on state accountability systems by the National Center for Public Policy and Higher Education, indicated that only a handful of states had comprehensive student accountability systems in place as of the 1997-1998 data collection period. However, the majority of states had partial accountability systems in place, and, since the publication of that report in December 2000, FutureWorks has found that many more states have designed and implemented such systems.

As an aside, it is interesting and to a large measure, frightening to note that this situation continues to exist in nearly all nations of the modern world. For many, this condition is the most fundamental obstacle to the development of a genuinely modern world civilization that might face and eventually resolve some of humankind's most urgent problems.

C. NATIONAL REPORTS

In 1969, during a time of great student unrest across the country, the **American Academy of Arts and Sciences** founded *The Assembly on University Goals and Governance* to study a series of issues in higher education that were not directly linked to the problems of disorder. The Assembly felt an examination of longer-range educational issues, not just short-term campus violence, was essential, and members of the group explored such matter as learning, teaching and evaluation; research and service; models of governance; access, scale, and quality; private versus public funding; and relations with other institutions.

The Assembly was charged with exploring, developing, helping to implement alternative approaches for resolving some of the principle issues affecting colleges and universities. As reported in *The Chronicle of Higher Education* (January 18, 1971) one of the significant insights that the Assembly on University Goals and Governance had asserted in its 1971 report was as follows:

One thing is clear. If the colleges and universities are to improve themselves, they need to become more self-conscious about themselves, more understanding of what they have been and better informed about what is happening to them, and what their strengths and weaknesses are.

In March 1971, the U.S. Department of Housing, Education, and Welfare (HEW) published **Report on Higher Education**, a study by a non-governmental task force chaired by Frank Newman of Stanford University. According to the then Assistant Secretary for Education, S.P. Marland, Jr., "the purpose of the study was to assess, in general terms, how well higher education was meeting the needs of society in the 1970's". While it was not intended to offer recommendations or propose solutions it was intended to characterize problems from the perspective of the public interest.

The report reflected upon the fact that the 1950's and 1960's had been decades of "unprecedented development and remarkable accomplishment in American education". At the same time attention was drawn to the condition of American higher education. In addition to the observation that the higher education system had become more homogenous and less flexible, additional insights were offered:

The system, with its massive inertia, resists fundamental change, rarely eliminates outmoded programs, ignores the differing needs of students, seldom questions its educational goals, and almost never creates new and different types of institutions.

As a result of the report and several other major commissions and task forces then Secretary of H.E.W., Elliot Richardson, charged a subsequent group to address the specific national policy questions raised and to transform the various reports and recommendations as well as observations into a constructive program for national action.

A new task force under the chairmanship of Frank Newman issued its report, *National Policy and Higher Education*, in 1973. Although recognizing that high education “has developed a dedication to social equity and individual opportunity as well as a level of excellence in scholarship unmatched in our own history or in the world” attention was drawn again to problems in need of attention in meeting a “new social purpose”. That purpose, while described in different ways by various interests, basically it was to educate all who enter colleges and universities so that each individual could become all that they desired to become, or stated slightly differently, to fulfill his or her own potential.

The “social purpose” ascribed to postsecondary education was seen, as it is today, to have profound implications for not only determining what colleges should do but also for how well they are succeeding.

In 2012 the vast majority of students currently enrolled, over 70 percent, are in multicampus systems of higher education. Most notable of course, is the California system of postsecondary education with its three-tiered public multicampus systems of the California Community Colleges, California State University, and University of California, thanks to its visionary California Master Plan for Higher Education adopted in 1960 Legislation.

The 1973 National Report offered this perspective on multicampus systems:

Within multicampus systems, with the increasing concern for accountability, there is an almost inexorable pressure for decisions to be gravitating upward in the organization, off campus, into the home office. Often the result is that the system usurps prerogatives that were once exercised at the campus level, including admissions policies, financial decisions, policies with regard to faculty hiring practices and workloads, building priorities, and many others.

(The Second Newman Report: National Policy and Higher Education, Report of a Special Task Force to the Secretary of Health, Education, and Welfare, Washington, D.C., 1973, p 56.)

And since California has most recently drawn attention to the role of coordinating bodies with the defunding of the California Postsecondary Education Commission (CPEC), it is worth noting what the **National Policy** report had to say about coordinating agencies and the issues that they faced, and face today across the country.

Coordinating agencies have historically been frustrated by their inability to influence the course of the institutions they are supposed to be coordinating, particularly in the case of prestigious state universities. The result has been a determined effort on the part of such agencies (often at the behest of the governor or legislature) to wrest power from the multicampus systems. In the process, they have tended to slip away from the planning and coordinating role and become instead another organizational layer between the campus and the capitol, devoted to the problems of institutional management.

(Source: The Second Newman Report: National Policy and Higher Education, Report of a Special Task Force to the Secretary of Health, Education, and Welfare, Washington, D.C., 1973, p 56-57.)

Of particular note in this *National Policy* report was the recognition, once again, of the political as well as financial issues that were inherent in enabling, or not, the thoughtful debate and action to advance educational policy.

More important, however, than deadlines for legislative action is the fact that across the country states and institutions are moving past the point of no return on crucial decisions. Those decisions are being and will be made, but only by default. In particular, the drift toward centralized and detailed controls could, unless they are thoughtfully analyzed and new means are found for accountability, undermine the capacity of the institutions of higher education to remain responsive and capable of adapting to changing conditions.

(The Second Newman Report: National Policy and Higher Education, Report of a Special Task Force to the Secretary of Health, Education, and Welfare, Washington, D.C., 1973, p xxi.)

One is reminded that this report was written in 1973 and not 2013, though its insights are as applicable today, unfortunately, as it was almost 40 years ago.

The *National Policy* report goes on to state what was seen as the obvious in 1973 and it remains obvious today in 2013.

Thus, perhaps our greatest challenge in the 1970's will be to develop forms of public support and accountability, based not on the image of common institutions providing common educational experiences, but on the image of differentiated institutions reaching out for ever more effective approaches to serve an increasingly diverse clientele.

(The Second Newman Report: National Policy and Higher Education, Report of a Special Task Force to the Secretary of Health, Education, and Welfare, Washington, D.C., 1973, p xxii-xxiii.)

Daedalus, the Journal of the American Academy of Arts and Sciences, beginning in Fall 1974 and the Winter 1975, devoted two consecutive issues to a single subject, *American Higher Education: Toward an Uncertain Future*. For readers today, and for those stakeholders in postsecondary education, it would be well worth the read since many of the antecedents to today's issues and debates were well reflective of inquiry, study, and analysis, while offering specific recommendations for study and action. The thoughtful essays focus not on trivia but on very important matters that continue to face policy makers and stakeholders today. Absent action today, postsecondary education will find itself as will the country, repeating similar essays ten, twenty, thirty and more years ahead.

In David Gardner's 1983 (he was chair and President – Elect of the University of California) transmittal to United States Secretary of Education T. H. Bell of the report of the National Commission on Excellence in Education, *A Nation at Risk: The Imperative for Educational Reform*, he stated: *The Commission deeply believes that the problems we have discerned in American education can be both understood and corrected if the people of our country, together with those who have public responsibility in the matter, care enough and are courageous enough to do what is required.*

One can only hope that these sentiments could echo loud and clear in today's environment. Yet, an essential ingredient of this statement is in the word "together", a concept of collaborating and cooperating among the stakeholders in the exceedingly important idea of the investing and nurturing postsecondary education to the advantage of current and future generations of students, the economic and intellectual vitality of a state and the country.

The Commission was created due to "the widespread public perception that something is seriously remiss in our educational system". This refrain is as applicable today as it was in 1983. The *Nation at Risk* report drew attention to what had been the historical pre-eminence of its colleges and universities and educational accomplishments at all levels in the United States, but then "the educational foundations of our society are presently being eroded by a rising tide of mediocrity that threatens our very future as a Nation and a people".

Critics of today's educational system from top to bottom would find perspective articulated by the Commission to have considerable applicability today when one considers the disinvestment in education currently occurring.

If an unfriendly foreign power had attempted to impose on America the mediocre educational performance that exists today, we might well have viewed it as an act of war. As it stands, we have allowed this to happen to ourselves. We have squandered the gains in student achievement made in the wake of the sputnik challenge. Moreover, we have dismantled essential support systems which helped make those gains possible. We have, in effect, been committing an act of unthinkable, unilateral educational disarmament.

(National Commission on Excellence in Education, A Nation at Risk, U.S. Department of Education, Washington, D.C., 1983, p 5.)

In addition to several recommendations relating to strengthening the curriculum and advancing higher expectations for admission, achievement, and performance at all levels of education, there was contained therein an admonition for students and parents.

For students, they are informed that they "forfeit your chance for life at its fullest when you withhold your best effort in learning" and that in the need, despite efforts of parents and teachers, "in the end it is your work that determines how much and how well you learn". Furthermore, the report goes on to state that if students do not do their best they will have their future thrust upon them by others. "Take hold of your life, apply your gifts and talents, work with dedication and self discipline...have high expectations for yourself and convert every challenge into an opportunity." (National Commission on Excellence in Education, pp 35-36.)

For parents, they are reminded to "demand for your children the best our schools and colleges can provide" and that to be vigilant and refuse "to be satisfied with less than the best" in the education of their students. Among other responsibilities of parents is the need to "exhibit a commitment to continued learning in your own life" and to "help your children understand that

excellence in education cannot be achieved without intellectual and moral integrity coupled with hard work and commitment". (National Commission on Excellence in Education, p 35.)

The significance of *A Nation at Risk* was met nationally with a call to action and progress made on several fronts. While similar action is needed by all accounts in 2013 and beyond, the words of the 1983 report seems to be on the one hand similar to what many in education, particularly higher education, as well as business and all sectors of our society are expressing, and on the other hand, little seems to resonate into action at the national level and many of the states. Rather, there is a continuing dysfunction, a lack of a public agenda, budgets are reduced, and very few are working "together" to remedy the situation. Stated differently, there is a tragic gap between the rhetoric of what is needed and the reality of what is, or should it be better stated, not happening.

The Aspen Institute reflected in its 1992 publication, *American Higher Education: Purposes, Problems and Public Perceptions*, the results of a series of seminars involving government officials, educators and other leaders to discuss and ponder a broad range of issues relating to education and its role in society. Seminars in 1988 and 1990 had themes relating to postsecondary education, the latter focused on the growing disconnect between postsecondary education's view of itself and the way that others – including political leaders, the business community, and the general public – saw it. Most of the discussion as reported in the publication centered on the reasons why dissatisfaction with American postsecondary education appeared to be rising and what steps might be taken to deal with its causes.

One of the points worth repeating, as it applies in 2013 just as it did in previous years, is stated this way:

By most accounts, the quality, diversity, and level of participation of American higher education continues to be the best in the world. Yet confidence in the enterprise seems to have diminished in recent years as more and more questions have been raised about whether the product is worth the cost.

Critics assert that today's colleges and universities are too much concerned about money, position, and gain. The high rate of tuition increases over the past decade has reinforced this view. Continuing low rates of participation on the part of low income and minority students raises questions about the commitment to equal opportunity. Concerns about quality and the content of the curriculum have become more widespread, and criticisms of faculty have mounted. Financial mismanagement, hidden slush funds, and scandals in intercollegiate athletics are reported with distressing frequency. These and other criticisms take their toll.

(The Aspen Institute, *Higher Education: Purposes, Problems and Public Perceptions*, Queenstown, Maryland, 1992, pp 1-2.)

To address the issues, The Aspen Institute indicated that, in broad terms, to achieve solutions to many of the issues "it will be necessary for college and university officials to exert a leadership role in the nation's educational system and in society as a whole" and that effective solutions "will also require the active participation and leadership of federal and state executives and legislative officials". (The Aspen Institute, *Higher Education: Purposes, Problems and Public Perceptions*, Queenstown, Maryland, 1992, p5.)

Continuing on, the report made the following broad recommendations: *Faculty members* must take the steps necessary to ensure that learning occurs in the classroom and that our colleges and universities continue to provide a healthy environment for intellectual discourse and growth. *Institutional officials, including presidents, chancellors and trustees*, must place greater emphasis on improving the teaching function through the incentives that are provided to faculty, and take the steps necessary to ensure that their campuses provide opportunities for learning and advancement for a diversity of student populations. *Public officials at both the state and federal levels* must develop policies aimed at moving toward greater assessment of what is being learned, encouraging cost efficiency at the campus level, and reconfirming and strengthening the nation's commitment to equal opportunity. (The Aspen Institute, *Higher Education: Purposes, Problems and Public Perceptions*, Queenstown, Maryland, 1992, p5.)

In 2005, the State Higher Education Executive Officers (SHEEO) umbrella agency published a report entitled "*Accountability for Better Results: A National Imperative for Higher Education*". (The National Commission on Accountability in Higher Education, "*Accountability for Better Results: A National Imperative for Higher Education*", Denver: State Higher Education Executive Officers, March 2005.)

The SHEEO report called for the states to adopt new, agreed-on accountability measurements focused on a few, explicit goals—measures to help guide performance improvement and answer key questions about higher education. The authors decried the

use of cumbersome, overdesigned, confusing, and inefficient accountability measures. New measures would help higher education and states to make better informed policy and budgetary decisions, close achievement gaps, and promote greater equity in allocating resources, the report asserted. Interest in accountability reports that clearly communicate higher education's performance to stakeholders has grown since the SHEEO report was published in 2005.

Performance and outcomes-based funding systems like those used in Tennessee and Ohio also have gained national attention. In 2010, a new national effort to develop a set of streamlined, consistent measures to monitor higher education's progress was developed by the National Governors' Association through its Complete to Compete initiative. (National Governor's Association Complete to Compete Initiative is available at: www.subnet.nga.org/ci/1011)

The 2006 Spellings Report, *A Test of Leadership: Charting the Future of US Higher Education* addressed the lack of responsibility for student success:

Among high school graduates who do make it on to postsecondary education, a troubling number waste time—and taxpayer dollars—mastering English and math skills that they should have learned in high school. And some never complete their degrees at all, at least in part because most colleges and universities don't accept responsibility for making sure that those they admit actually succeed.

(A Test of Leadership: Charting the Future of U.S. Higher Education, A Report of the Commission Appointed by Secretary of Education Margaret Spellings, U.S. Department of Education, 2006, p X.)

D. THE FEDERAL ROLE

A significant federal role in support of higher education dates from the Northwest Ordinance of 1787, which provided grants for land to the states to finance the establishment of seminaries for learning.

A second major step toward a significant federal role was the enactment of the Morrill Act of 1862, under which each state was given a grant of land to create an endowment for the support of a college that, in addition to classical education and military science programs would provide teaching related to agricultural and mechanical arts. The state of Iowa was the first to accept the terms of the Morrill Act which provided the funding boost needed for the fledgling Ames College (now Iowa State University).

The 1862 Morrill Land Grant Act provided revenue from the sale of federal lands that allowed states to build public universities to offer educational opportunities to the working class and to conduct basic and applied research on key national priorities like agriculture and industry. That act was a visionary effort to promote a federal-state partnership that spurred the development of outstanding higher education in this country.

Since the passage of the Morrill Act there has been a systematic and persistent effort to find the knowledge needed to improve agricultural production. The results have been remarkable: for the first time in history man has been able to produce adequate food, in fact an overabundance, with a steadily decreasing number of farmers and decreased acreage under cultivation. Here again, the evident cause is knowledge or truth skillfully applied by our colleges and universities.

A second Morrill Act in 1890 was also aimed at the former Confederate states. This act required each state to show that race was not an admissions criterion, or else to designate a separate land-grant institution for persons of color. Among the seventy colleges and universities which eventually evolved from the Morrill Acts are several of today's historically Black colleges and universities. Though the 1890 Act granted cash instead of land, it granted colleges under that act the same legal standing as the 1862 Act colleges; hence the term "land-grant college" properly applies to both groups.

Later on, other colleges such as the University of the District of Columbia and the "1994 land-grant colleges" for Native Americans were also awarded cash by Congress in lieu of land to achieve "land-grant" status.

In imitation of the land-grant colleges' focus on agricultural and mechanical research, Congress later established programs of sea grant colleges (aquatic research, in 1966), urban grant colleges (urban research, in 1985), space grant colleges (space research, in 1988), and sun grant colleges (sustainable energy research, in 2003).

With World War II ending, President Franklin Delano Roosevelt was concerned about the potentially damaging economic impact of 15.7 million veterans returning home, looking for scarce jobs and scarcer housing. The **Servicemen's Readjustment Act** of 1944 (P.L. 78-346, 58 Stat. 284m), known informally as the **G.I. Bill**, was a law that provided a range of benefits for returning World War II veterans (commonly referred to as G.I.s). Benefits included low-cost mortgages, loans to start a business or farm, cash payments of tuition and living expenses to attend college, high school or vocational education, as well as one year of unemployment compensation. It was available to every veteran who had been on active duty during the war years for at least

ninety days and had not been dishonorably discharged. Combat was not required. By the end of the program in 1956, roughly 2.2 million veterans had used the GI Bill education benefits in order to attend colleges or universities. An additional 6.6 million used these benefits for some kind of training program.

By far the most famous benefits of the program were financial assistance for education and housing. As Cornell University professors Glenn C. Altschuler and Stuart M. Blumin in their 2009 book, *The GI Bill: A New Deal For Veterans*, show, “A whopping 51 percent of GIs took advantage of this [educational] provision,” the authors write, “[a]lltogether 2.2 million attended college . . . and 5.6 million opted for” vocational training. The authors explore in detail exactly how this influx of veterans overloaded, and forever changed, America’s higher education system. Despite serious shortages of student housing and faculty, US colleges expanded to meet the increased demand. The veterans, the authors explain, “earned higher grades than their civilian counterparts”.

The authors make it clear that the education benefits of the legislation helped spur postwar economic growth by training legions of professionals. The GI Bill, they write, “made possible the education of fourteen future Nobel laureates, two dozen Pulitzer Prize winners, three Supreme Court justices, [and] three presidents of the United States”. It also greatly increased access to higher education for ethnic and religious minorities who had been previously excluded. (Glenn C. Altschuler and Stuart M. Blumin, *The GI Bill: A New Deal For Veterans*, Oxford University Press, USA, 2009)

In the early 1950’s, the federal government once again began to expand its research and development expenditures, with significant portions of the funds flowing to institutions of higher education. This movement was intensified in the post-Sputnik era, and, under the National Defense Education Act of 1958 and subsequent legislation, the federal government became increasingly involved, not only in research expenditures, but also in student aid programs and other forms of assistance to higher education. (Carnegie Council on Policy Studies in Higher Education, *The Federal Role In Postsecondary Education: Unfinished Business, 1975-1980*, Jossey-Bass Publishers, San Francisco 1975.)

At the federal government level there has been set (2012) the ambitious national goal of leading the world in the proportion of college graduates by 2020. Boosting college completion rates in an austere funding environment has led to a national productivity agenda for higher education. One component of the productivity agenda involves re-visiting *performance-based funding (PBF)* as a means of improving institutional effectiveness. PBF is a decades-old higher education finance strategy that links state funding for public colleges and universities with institutional performance. PBF represents a fundamental shift in higher education finance—a shift from state inputs to campus outcomes, and from institutional needs to state priorities. (Harnisch, Thomas, *Performance-based Funding: A Re-Emerging Strategy in Public Higher Education Financing, Policy Matters*, American Association of State Colleges and Universities, June 2011.)

E. THE STATE ROLE

Even without attention from federal authorities, state governments are beginning to pay much more attention to accountability and outcomes measurement as an important strategy to impose more academic and financial rigor on their institutions of higher education. This growing attention to defining and measuring outcomes is likely to be even more important in states such as California, where systems of postsecondary governance have long frustrated education policy makers and where careful development of a goals and accountability system could overcome the limits of fragmented governance.

As an example, and while an extreme case, in 2007 significant issues were raised in the State of New Jersey centered on the University of Medicine and Dentistry of New Jersey (UMDNJ). The issues led to an inquiry and investigation by the State Commission of Investigation into the operations and administration of public higher education in New Jersey. In its report, the State Commission stated:

The State Commission of Investigation’s own broader inquiry into the operations and administration of public higher education in New Jersey has revealed an entire system vulnerable to problematic governance, serious shortcomings in oversight, accountability and transparency and outright violations of the public trust. While the expansive panorama of corruption at UMDNJ clearly is an aberration in the extreme, it nonetheless signifies what can happen within a system structured to render its constituent parts susceptible to a host of questionable and patently abusive practices. The findings of this investigation demonstrate that piecemeal change would be a grossly inadequate strategy in the face of complex problems whose scope and cause extend well beyond the narrow confines of a single institution.

(State of New Jersey, *Commission of Investigation, Vulnerable to Abuse: The Importance of Restoring Accountability, Transparency and Oversight to Public Higher Education Governance*, Trenton, New Jersey, October, 2007, p. 1.)

During the last six to seven years dramatic changes have emerged in the way governments interact with colleges and universities. Governmental authorities are no longer as receptive to the traditional self-regulatory processes that have dominated university development for centuries. A new economic motivation is driving states to redefine relationships by pressuring institutions to become more accountable, more efficient, and more productive in the use of publicly generated resources. Earlier attempts by states to measure institutional efficiency and performance have generally been met with passive resistance or benign neglect in academic circles.

Engagement of State Government

To strengthen their states' capacity to graduate students and produce human capital, state government, e.g., governors and legislators, need to develop better measures of their public colleges' performance and productivity, use those measures to allocate state funds for the institutions, and free colleges and universities from overly restrictive regulations according to the 2011 National Governors Association (NGA) report, *Complete to Compete: Common College Completion Metrics*.

Nationally, governors, who slashed higher-education budgets by \$5 billion in the 2011 fiscal year, say financing for public colleges and universities should be based on graduation rates, "return on investment" of taxpayer dollars and other performance measures.

The NGA has recommended that states use metrics, such as the number of degrees per \$100,000 appropriated, to set higher-education policy and funding, according to the **Complete to Compete** report.

According to Washington Governor Christine Gregoire, "*Education is absolutely key in putting America back to work*". Making sure people are getting the education and training needed to compete in the global economy is "*one of the most important things we need to consider as governors*", she said.

In 2011, then facing the fourth straight year of budget deficits, U.S. governors recommended cuts to colleges and universities that were twice as deep as to public schools, according to a survey from the National Association of State Budget Officers (NASBO) and the NGA.

The California State University (CSU) and University of California (UC) systems, and public institutions in Pennsylvania and New Hampshire, where state funding was slashed almost by half, raised tuition in 2011 as much as 12 percent to deal with record state funding cuts.

State Spending

By 2012, at least 25 states were making major, identifiable cuts in PSE. Florida's cuts in funding for the state's universities led to tuition hikes of 15 percent for the 2011-12 school year, bringing the cumulative tuition increase since 2009 to 52 percent. Arizona cut state support for public universities by nearly one-quarter. When combined with previous cuts, this reduced per-student state funding 50 percent below pre-recession levels. California's 2011-2012 budget reduced funding for the state's two university systems by more than \$1 billion, with threats of significant additional disinvestment – cuts – during the 2012-13 academic year if a proposed State Administration tax proposal was not approved by voters in November 2012. It was approved.

The tax measure, known as Proposition 30, was put forth by Gov. Edmund G. (Jerry) Brown Jr. It would temporarily raise the state's sales tax by a quarter cent and impose additional income taxes on top earners in order to close a \$15.7 billion state-budget shortfall. If the measure failed to win voter support in November 2012, the University of California system, the California State University system, and the California community colleges would face a "trigger cut" of \$963 million in January 2013, on top of several rounds of steep cuts since 2008.

For one of those three systems, the University of California system, tuition for the 2011-12 school year was 18 percent above the previous year's rates and over 80 percent higher than it was in the 2007-08 school year.

In the November election, 54 percent of California voters approved Proposition 30, a \$6 billion tax hike that staves off dire spending cuts. If the measure had failed, trigger reductions would have forced schools and community colleges to trim their budgets by \$5.3 billion and made the state's colleges and universities cut \$500 million. (Williams, Erica, Leachman, Michael and Johnson, Nicholas, *State Budget Cuts in the New Fiscal Year Are Unnecessarily Harmful*, Center on Budget and Policy Priorities, Washington, D.C., July 28, 2011.)

With results only up to 2011-12 academic year, the following are illustrative of state budgetary actions occurring in several states:

- **Arizona** cut funding for public universities by nearly one-quarter, or \$200 million. This would add to deep previous cuts: from 2008 through 2011, state support for universities fell by \$230 million, resulting in the elimination of more than 2,100 positions (an 11 percent reduction in the workforce). Universities have raised tuition significantly, closed eight extended campuses, and merged, consolidated, or disestablished 182 colleges, schools, programs, and departments. Combined with those previous cuts, the FY12 reduction brings per-student state funding down to 50 percent below pre-recession levels. Arizona also cut community college funding for operating expenses by about \$73 million. The cut amounts to 6.2 percent of total community college operating revenues and half of all state support for community colleges.
- **Florida** cut state higher education spending and raised state university tuition for undergraduates by 8 percent. State universities are increasing tuition by another 7 percent to offset cuts in funding. This comes on the heels of tuition hikes equaling over 30 percent since the 2009-10 school year. The state has also cut a university merit-based scholarship program by 20 percent.
- **California** increased fees at community colleges starting fall 2011 by 38 percent; for the average student, this meant an annual fee increase of \$300. The state also reduced funding for the University of California (UC) and the California State University (CSU) systems by \$1.3 billion (\$650 million each). Since FY2008 California has cut funding for the UC system by 27 percent and has cut funding for the CSU system by almost 28 percent. In response to cuts in funding, the CSU increased annual tuition by 29 percent, or \$1,242 for full time undergraduate students (relative to the tuition rate that was in place at the beginning of 2011 school year). UC increased annual tuition by 18 percent, or over \$1,800 for resident undergraduate students. UC tuition has grown by more than 80 percent since the 2007-08 academic year.
- **Michigan** cut by 15 percent state support for public universities, and will increase the cut to about 20 percent for universities that raise tuition by more than 7 percent. Universities are already announcing tuition increases just under that limit, amounting to \$600 - \$900 tuition increases for in-state undergraduate students. The state also cut funding for community colleges by 4 percent.
- **New Hampshire** cut support for the university system almost in half in a single year, from \$100 million to \$52 million. University officials have announced that they will raise tuition 8.7 - 9.7 percent, eliminate around 200 positions, reduce employee benefits, dip into reserves, and take other measures as a result. Community colleges also face a 37 percent cut and will raise tuition 6.5 percent for the coming year, which will cost full time students up to \$360 per year.
- **New York** cut state funding for the State University of New York (SUNY) by 7.6 percent, and reduces state funding for the City University of New York (CUNY) by 4.4 percent. To help them absorb the funding cuts, the legislature passed a bill that allows SUNY and CUNY to raise tuition by about 30 percent over the next five years. These tuition increases would affect 220,000 students in the SUNY system and 137,000 in the CUNY system and come on top of increases already imposed since the recession began. At SUNY, for example, substantial reductions in state support resulted in a 14 percent tuition increase in 2009.
- **North Carolina** cut nearly half of a billion dollars from higher education in each year of the biennium compared to the amount necessary to provide the same level of higher education services in 2012 as in 2011. The cuts mean that full-time resident community college students could see their tuition increase to \$2,128 in FY12 and \$2,208 in FY13 from the current \$1,808 per year. Funds for community college basic education courses were cut by 12 percent. North Carolina is also forcing the university system to find more than \$330 million in savings in each year of the biennium. The state also is reducing by 59 percent (or \$26 million each year) the state subsidy to university hospitals to offset the costs of uncompensated care, which the hospital system estimates at \$300 million this year. (Center on Budget and Policy Priorities, Washington, D.C., July 28, 2011, <http://www.cbpp.org/cms/index.cfm?fa=view&id=3550>.)

Nationally, governors recommended general funding spending of \$668.6 billion in fiscal 2012 that is 2.6 percent above the \$651.5 billion estimated in fiscal 2011. The \$651.5 billion in general fund expenditures in fiscal 2011 is 5.2 percent above the \$619.3 billion spent in fiscal 2010.

Forty states recommended budgets with increasing general fund expenditures for fiscal 2012 compared to fiscal 2011. However, even with these proposed increases, 29 states would still have lower general fund spending in fiscal 2012 compared to the pre-recession levels of fiscal 2008.

Twenty-three states made budget cuts to their fiscal 2011 budgets totaling \$7.8 billion. Thirty-nine states made mid-year budget cuts of \$18.3 billion in fiscal 2010, while 43 states made \$31.3 billion in mid-year cuts in fiscal 2009. (National Governors Association and the National Association of State Budget Officers, *Fiscal Survey of States*, Spring 2011, p. viii)

All around the world, the pace of change in higher education is accelerating. In the face of continued increases in participation, demographic change and – in the west at least – profound fiscal crises, higher education institutions are increasingly being required to raise funds from students as opposed to relying on transfers from governments. Indeed, the

pace of policy change is coming so quickly that it is difficult to keep track of all the relevant developments in different parts of the world.

(Marcucci, Pamela and Usher, Alex (2011). *Tuition Fees and Student Financial Assistance: 2010 Global Year in Review*. Toronto: Higher Education Strategy Associates.)

F. FORCES FOR CHANGE AND ACCOUNTABILITY

In the process of change and accountability in postsecondary education, each institution is responsive to a balance of forces. The balance among these forces is always shifting as both the organization of education and the demands of society are oftentimes in a state of non-equilibrium.

Internally, the interests of students are one force, those of faculty are another, and that of the administration add another to the mix. The interests of the faculty and administration, unfortunately, are seen by many as being at odds, especially with the introduction of collective bargaining and other considerations that more often than not end up pitting the faculty against the administration as it relates to policies that each believes are within their domain of primary interest. Of course, the issue of compensation and benefits, teaching loads, evaluation, and a myriad of other considerations often create a large divide that leaves both sides of an issue at odds.

The influence of external educational agencies, accrediting associations and disciplinary associations, are also in their own right separate and important forces to take into consideration. Similar forces to be contended with are alumni and donors.

An increasingly potent set of influences extend from administrators in the central offices of multicampus systems, from statewide coordinating boards, and from legislatures and governors' offices. Of course, several agencies of the federal government have generated a significant set of forces as well.

Action to affect the balance among these forces/stakeholders can take fundamentally different forms. Change can be induced by incentive approaches such as by the offer of funds for special purposes. Or, institutional directions can be enforced through regulatory approaches, such as requirements surrounding programs or processes, and in some cases, unsavory at best, to limit how research initiatives are to be accomplished or to regulate faculty teaching loads.

An additional influence is fear that arises from threats. Throughout history fear has been used as a tactic for rule by intimidation. As applied to public higher education, an example arises in California. The 2012-13 California State Budget approved in June, that must be a balanced budget, assumes a significant increase in state revenue. One of the means by which it was proposed that the increase be accomplished was via an increase in taxes. Specifically, to address a significant state budget shortfall, a proposed tax increase was to be placed on the California ballot in November 2012. Additionally, California's public colleges and universities, among other educational entities, learned how much their budgets would be slashed if voters didn't pass the proposed tax proposition. To restate the issue of threat, the Governor's "revised budget plan" described deep "trigger cuts" to the University of California, California State University, and the California Community Colleges.

Of course, one of the most recent and heavily publicized matter occurred at the University of Virginia when its Board of Visitors – governing body – forced the resignation of its president and the faculty got its voice heard, among other stakeholders of that outstanding institution, which resulted in the president being reinstated. According to many observers, the university's Faculty Senate transformed itself into a major player, the guiding force that galvanized alumni, students, and community members in demanding that the university reinstate the president.

With the reinstatement of the president, and subsequently the reappointment of the University of Virginia's Rector, the Faculty Senate chair issued a statement that in part read, *"We believe that the immediate challenge we face is one of restoring trust. We pledge to support President Sullivan in her efforts to work with the board to rebuild a trusting and caring community..."*

The Virginia situation drew renewed debate about postsecondary education, particularly public colleges and universities, which critics across the political spectrum as well as many stakeholders themselves describe as insufficiently agile in adapting to a changing financial landscape and slow to answer the call for greater public accountability.

Whatever one's perspective on the roles and responsibilities of various stakeholders, the fact remains that when balance among the various influences on colleges and universities is superseded by a steady shift toward central control, be it at the federal, state, or institutional level, there becomes a significant shift in the control over decisions. Such areas as budgeting, admissions, approval of new programs, promotion, and tenure slips from campus-based administrators and faculties to others arrayed above

them in an evolving hierarchy of governance. And as federal and state programs and powers are extended, both public and private institutions are affected.

The following insight as expressed in the *Second Newman Report: National Policy and Higher Education* is as applicable today as it was when the report was published in 1973. Hopefully we can continue to learn from the past and be steadfastly mindful today and for many tomorrows.

When decision-making is remote from the campuses, there is an easy slide from policy direction to operational control, from concern for education to concern for management, from interest in diversity to standardization across units, and from incentives to regulatory approaches.

(The Second Newman Report: National Policy and Higher Education, Report of a Special Task Force to the Secretary of Health, Education, and Welfare, Washington, D.C., 1973, pp. 86-87.)

G. OTHER INFLUENCES

Postsecondary education is not only required to be responsive to domestic economic growth and to train human resources for national development, but is also expected to take up challenges from world-wide influences and maintain development in response to a conception of competition with a global perspective.

Many U.S. colleges and universities have, or are being deeply, influenced by international factors. As a result, some are placing more emphasis on quality, efficiency and accountability of PSE institutions, select "elite" institutions on increased "corporatization" - attempting to align themselves as federal institutions - with or privatization of the heretofore public sector, and on enhancement of teaching and research activities, including the development of internationally recognized manpower and pursuit of a world-class research achievement.

In the past seven years a plethora of reports and recommendations have been made on the subject of increasing accountability in colleges and universities – transparency, pertinent data, and productive outcomes. Stakeholders in many states have been influential in pushing for greater accountability beyond self-accountability at the project and policy levels. But they have been much less successful in changing incentives for accountability to affected learning communities, or in improving board accountability through greater transparency in decision making, more engagement on establishing a public agenda for colleges and universities, or better governance at the institutional, system, or statewide level. In other words, although stakeholder efforts have led to some gains in accountability with respect to policies and projects, the deeper structural features of the institution or to a state's system of postsecondary education - the incentives campuses face and how the system is governed - remain largely unchanged.

Writing in 2011, Kathleen Lyall, former Chancellor of the University of Wisconsin system, succinctly drew attention to the conundrum facing PSE institutions, specifically public postsecondary education and systems of PSE across the country, as it relates to their governance and accountability implications.

The majority of citizens, inside and outside the university, want to keep the "public" in public universities—but "public" takes on many different meanings. Some of the 1960s concepts still linger: access for all, affordability through low tuition, public service to business and communities, but there is a growing willingness to recognize that some of these goals must be subordinated to others. The struggles now are about who will decide these priorities and how to come to grips with the fact that states are no longer majority stakeholders in their universities. Indeed, for many public flagship universities students and private donors far outweigh taxpayers as the major investors in public higher education. Their voices are growing.

More states and universities are considering structural, rather than incremental, change. They are looking for ways universities can manage continuing budget cuts more efficiently by gaining autonomy and independence from outdated government processes and focusing on educational outcomes.

Concepts of "control" are beginning to give way to "performance". If "public" continues to mean that state government controls all the essential operating aspects of universities (pricing, who is served, how employees are hired and paid, etc.) performance in terms of graduation rates, research success, and service will decline. The taxpayers will 'control' an eroding asset, but the public purposes of higher education will fade. Sustainability is a growing goal for public universities.

(Lyall, Katherine, "Seeking Sustainable Public Universities: The Legacy of the Great Recession," Center for Studies in Higher Education, University of California, Berkeley, June 2011, p. 8.)

Accountability may be a hot topic in the PSE world, but it is not the responsibility of colleges and universities alone. Just as stakeholders want assurances that public institutions of higher education are ethically and financially sound, they also are increasingly demanding to see measurable results from their investment. As a result, these institutions need to advance their strategies about how they operate to earn and maintain the public trust. Without the trust of the public, there will be increased governmental intervention at all levels and micromanagement. The good news is that some states and their institutions have been taking key steps in the last five years to make their processes more effective and their activities more transparent. More needs to be done. The bottom line: accountability is both good stewardship and good for the bottom line.

Calls for greater accountability in PSE are continuing to grow. Some organizations, such as U.S. News and World Report, focus on a rankings system based on college's selectivity, reputation and other factors. Others, such as the Education Conservancy, are attempting to create "anti-rankings." Rather than creating a list of colleges, this electronic project would question a prospective student about his or her background and what he or she is looking for in a college, and then return a set of colleges that would likely be a good "fit" for the student. K-12 education has been the focus of accountability efforts for at least 20 years. Higher education presents a very different challenge. Assuming the public's desire to see more transparency and accountability from colleges and universities continues, the crux of the debates over this topic will be a) whether accountability measures can best be designed by state or federal laws, by independent entities, or by the institutions themselves; and b) which accountability measures to use.

Finding fair measures to hold various colleges and universities accountable to their students and to the public has historically been very difficult. Postsecondary institutions, much more than K-12 schools, have unique and varied missions and often seek to attract students with particular interests, which make comparisons across campuses difficult. National organizations are creating and promoting new methods of showing student performance at the college level, which will be discussed below. To date, however, two common measures used to gauge higher education institutions' effectiveness are their graduation and retention rates.

One national organization, in describing the state of affairs in higher education, stated it this way along with its perspective on what is required:

Postsecondary education today is not driven by hard evidence of its effectiveness. Consequently, our current state of knowledge about the effectiveness of a college education is limited. The lack of a culture oriented toward evidence of specific student outcomes hampers informed decision-making by institutions, by students and their families, and by the future employers of college graduates.

What is needed is a systemic, comprehensive approach to understanding the quality of two-year and four-year postsecondary education, with direct, valid and reliable measures of student learning. Most institutional information that we have access to today typically consist of either input characteristics (student grades and test scores, for example) or output characteristics (institutional counts of degrees granted or students employed, for example) with little attention to the intervening college-learning period.

We propose a comprehensive national system for determining the nature and extent of college learning, focusing on four dimensions of student learning:

- *Workplace readiness and general skills*
 - *Domain-specific knowledge and skills*
 - *Soft skills, such as teamwork, communication and creativity*
 - *Student engagement with learning*
- (Educational Testing Service, *A Culture of Evidence: Postsecondary Assessment and Learning Outcomes*, Princeton, New Jersey, June 2006, p.1)

In September 2006, the bipartisan Commission on the Future of Higher Education sponsored by U.S. Secretary of Education Margaret Spellings lamented low college graduation rates and rising student costs before going on to say:

Compounding all of these difficulties is a lack of clear, reliable information about the cost and quality of postsecondary institutions, along with a remarkable absence of accountability mechanisms to ensure that colleges succeed in educating students.

(A Test of Leadership: Charting the Future of U.S. Higher Education (Washington, DC: A Report of the Commission Appointed by Secretary of Education Margaret Spellings, 2006.)

After the report was released, the U.S. Department of Education pushed to gather more information about college outcomes and improve oversight of student learning results through the college accreditation process.

But if colleges are going to be held accountable, states will have to carry most of the load. When it comes to PSE, states have most of the money and most of the power—about three-quarters of all undergraduates are educated at *public* two- and four-year institutions. States provide over \$100 billion per year to public universities and community colleges, making them by far the largest governmental source of higher education operating funds. Governors and state legislators appoint the trustees and governing boards that run public institutions. States also charter private nonprofit colleges and universities. (Carey, Kevin and Alderman, Chad, *Ready to Assemble: A Model State Higher Education Accountability System*, Education Sector Reports, December 2008, p.1).

Inherent in the above brief commentaries are the topics of student learning, accountability, leadership and governance. All focus attention on roles and responsibilities inherent in the classroom with teaching and learning – a nexus of extreme importance; the various stakeholders at the federal, state, and local levels and their critical engagement in public policy and institutional expectations; who infuses the institutional culture with extraordinary leadership skills that advance the implementation and course correction to advance effective and insightful accountability systems; and finally, the necessity of governing board members in identifying past, present and proposed actions of the entity they help govern in the public interest to improve public confidence in colleges and universities as well as in state government.

Integral to any discussion of accountability in higher education is the matter of **governance** and the role and responsibilities of governing bodies. Governance, whether it is of a single institution, a multi-campus system, or a statewide governing body, is concerned with how the institution or system is directed and controlled and, in particular, with the role of the governing body and the need to ensure that there is an effective framework for accountability of a governing board to institutional leadership. Absent such an integration of governing of higher education any discussion of accountability is shallow and without an understanding of how to ensure effective accountability and transparency.

In its 2010 *Updated Statement on Board Responsibility for Institutional Governance*, the Association of Governing Boards (AGB) stated, “College and university oversight has grown more daunting and challenging, and the environment in which we currently are being asked to serve a broad public purpose is more difficult. It’s always been clear that boards have ultimate responsibility for oversight of institutions, but today how that gets done is almost as important as the decisions themselves.” (Association of Governing Boards, *Updated Statement on Board Responsibility for Institutional Governance*, March 26, 2010.)

Transparency has become a widespread principle for governance and accountability. It refers to the availability of information to stakeholders (the public included) and openness about an organizations management, rules, regulations and decisions. But any disclosure of information is only as good as the quality of the records to which it provides access or on which the reports are based. There is a wide consensus among information professionals that the principles and practices of records and information management support organizations in complying with financial disclosure regulations. But how can the same principles and practices support the transparency of postsecondary education performance in reporting on educational, research, public service, student achievement, governance (and a host of other activities) performance?

Transparency is a function of the evidential value of the information disclosed in the report which again is dependent on the reliability, accuracy and completeness of records. Any report or disclosure of information is only as good as the quality of its source information. Such reports or information are of little use if reliable and accurate records are not created and managed appropriately. Records are the evidence of actions, decisions and operations of multinationals.

Trust. This appears to be another key concept when discussing postsecondary education at present and, in fact, when discussing education at all levels. There is a lack of trust – or perhaps even outright distrust – towards the postsecondary education sector of our society. A landslide change seems to be happening, whereby trust has to be earned in a more inclusive and transparent approach, i.e., in a more accountable manner. (It should be noted that the same is true of the corporate as well as the financial sectors.)

In *Business Ethics: A European Review*, a paper explores the relationship between accountability, trust and corporate reputation building. Increasing numbers of corporations are mobilizing themselves to put more and more information out into the public domain as a way of communicating with stakeholders. Corporate social accounting and stakeholder engagement is happening on an unprecedented scale. Rather than welcoming such initiatives, academics have been quick to pick faults with contemporary social auditing and reporting, claiming that in its current form it is not about demonstrating accountability at all, but rather about

building corporate reputation. Academics argue that 'accountability should hurt', that if accountability is an enjoyable process, then the organization isn't doing it right. For organizations that are currently engaging with stakeholders and ostensibly becoming more transparent about their corporate social performance, this kind of critique is likely to be bewildering. This paper argues that central to the notion of accountability and to contemporary social accounting practice is the concept of trust. Accountability is based upon a distrust of corporate management, whereas corporate reputation building is about strategically seeking to establish trust in stakeholder relationships in order to negate formal accountability requirements. (see Swift, Tracey, *Trust, reputation and corporate accountability to stakeholders, Business Ethics: A European Review*, Volume 10, Issue 1, pp. 16-26, January 2001.)

One can only look at what is happening in progressive corporate sector entities and underscore some relevancy for the postsecondary education community. If one looks briefly at the corporate sector and advances being made in addressing trust and accountability concerns, corporate reporting can only be an anchor in building trusting relations with stakeholders – it is not the complete answer. The challenge is broader than technical reporting issues and companies need to address issues of trust, intention, and humility. Leading companies do not just provide a lot of information in different forms of reporting, consistent with a broader notion of economic agency theory. They are also seeking a broader inclusive engagement with stakeholders to build genuine trust and thereby building a successful web of relations for their company. To do this they need to demonstrate their true intention and show humility amidst competing stakeholder demands. This implies that they have to be open and willing to let stakeholders influence them, i.e., they have to suspend the normal conceptions of power inherent in their organization, just as the notion of soft accountability suggests.

H. PUBLIC AGENDA

Postsecondary education's role in American society is undergoing a seismic shift, similar in magnitude to that experienced in the 1950's and 1960's. The unmistakable trend this time: public demand for greater accountability from colleges and universities for the fulfillment of their core missions and a cry for demonstrable value, results, and efficiency. State policymakers, students, parents, employers, and taxpayers seek data and information about a state's postsecondary education system, as well as national comparisons to provide context. At a minimum, institutional and systemwide accountability reports should provide meaningful information, stimulate improvement, and monitor progress toward statewide and institutional goals. Of course, such a purpose assumes that statewide goals – a *Public Agenda* – has been articulated and is known to all stakeholders to go along with institutional goals.

Leadership

Whether postsecondary education is to remain socially accountable and intellectually independent will be determined by the quality and spirit of its leadership, including chancellors, presidents, governing board members, deans, and individual members for the faculty.

A 1982 Carnegie Foundation Essay, *The Control Of The Campus*, drew attention to the dilemma faced by postsecondary education leaders that has relevance in today's climate impacting them.

Unfortunately, too many higher education leaders feel almost overwhelmed by demands of the bureaucracy that call for accountability but provide few rewards and give campus leaders little freedom to make their own decisions. Even trustees feel pressured and confused, their own governance functions almost hopelessly constricted within a complicated bureaucratic grid.

The ever-increasing role of outside agencies in campus matters is gradually wearing down internal governance structures. As leadership is diminished, power and initiative flow even more rapidly to bureaucracies outside. Under such circumstances, administration too often means simply responding to an impersonal system, flowing along on a ceaseless tide of forms, reports, and computer printouts.

(The Carnegie Foundation For The Advancement of Teaching, *The Control Of The Campus: A Report On The Governance Of Higher Education*, The Carnegie Foundation for the Advancement of Teaching, Washington, D.C., 1982, p 89.)

One can only wonder what would be stated in today's environment of postsecondary education. Clearly, a renewal of leadership is required both at the campus, system, and state levels, in colleges and universities as well as in state governments. What kind of leadership – renewed or new – is needed?

It must be a leadership that can take the initiative in prodding colleges and universities to define their own academic standards and social obligations rather than waiting passively for such standards to be imposed by others.

It must be a leadership that can refine, in contemporary terms, the fragile tradition of academic freedom.

It must be leadership that will forcibly remind those within the academy that independence and self-governance can survive only if they are willing to shoulder the burden of making it not merely a matter of pious rhetoric, but a living, working reality.

It must, in short, be leadership of vision and creativity that can define and defend the spirit of the academic enterprise.
(The Carnegie Foundation For the Advancement of Teaching, *ibid.* p 89.)

Trustees and governing boards possess essential leadership functions – as advocates, overseers, guardians of the public interest, social conscience, and stewards. *“The first responsibility of a leader”,* says Max De Pree in a 1989 book, *Leadership is an Art, “is to define reality”.*

Above all, DePree argues, leaders are stewards. The best of them leave behind a legacy of accomplishments and assets, a sense of organizational momentum and effectiveness, and an institution that not only expresses the value of civility and human decency but also defends them. That is a solid legacy for any organization, but it is the essential reason the nation’s colleges and universities exist. (*Trustees & Troubled Times in Higher Education*, Report of the Higher Education Issues Panel, Association of Governing boards of Universities and Colleges, Washington D.C., 1992, pp. 14-15.)

A significant difference in the culture and practices of corporate America and American higher education is in the leadership approaches. Many competencies required by corporate CEO’s are of less relevance in the academic milieu. The art of postsecondary education leadership, particularly in the public sector, involves patience, consensus building, and adjudicating the often-competing interests of faculty, parents, students, governing board members, athletics, legislators and legislatures, governors, accrediting bodies, federal and state policymakers, and a host of other stakeholders internal and external to the institution or system. The most successful college and university leaders cherish and champion academic values while developing the resources and means for those values to flourish. To use an athletic concept associated with team players and individuals that are a part of the team, “the player makes those around him or her much better”.

Governance

It is of utmost importance that anyone or any group that has responsibility for postsecondary education have some knowledge of and respect for its nature, purpose, and processes. In addition, there is a great body of practice and tradition crucial to the essence of colleges and universities. Even a casual observer need not be reminded that the powerful impact of external influence on the governance of postsecondary education cannot be discounted, and current trends appear to be in the direction of more, not less, control.

Perhaps the most ominous fact of our time is that too many people, both inside (administration, faculty, staff, and students) and outside (governing boards, legislators alumni, concerned citizens) the community of scholars, are assuming power and responsibility about postsecondary education without knowledge of and respect for its basic nature and purposes.

In essence, colleges and universities are an organized, basically self-governing community of scholars, designed to search for and to teach the truth – the nature of things. In practice, this process involves two closely related tasks: (1) to transmit to the mature young – those who have completed secondary school – in a spirit of imaginative inquiry the best of knowledge, skill, and wisdom that are species has so far achieved; and (2) to push ahead the frontiers of knowledge, skill and wisdom through the continuous search for new truth, using essentially three approaches: intuitive and creative insight, logic or reason, and the scientific method. In so doing, colleges and universities render an incomparably important service to society.

With this perspective, the purpose of the governance of postsecondary education becomes clear:

...to create and protect the conditions for each community of scholars that will enable it to do its work effectively. Appropriate and adequate governance then means life and health for the higher learning; inappropriate and ill-conceived governance means frustration, conflict, confusion, and deterioration. That is how important the subject of governance is.
(Earl V. Pullias and Leslie Wilbur, *Principles and Values for College and University Administration*, Philosophical Library, New York, 1984, p.68.)

On the one hand, the current status of the governance of postsecondary education appears to be in a bad state. Amidst financial instability, demand for increased diversity, greatly increased enrollments, new postsecondary education organizational configurations, and boards at the federal, state and local levels, many of whom have little knowledge of, or respect for, the spirit and of the educational experience, the historic paternal model does not work effectively or efficiently. The corporate model,

patterned after business, which has tended to be in vogue in recent years, is even less effective, for its hierarchy of authority threatens the very essence or meaning of the higher learning. The same is true, perhaps even more so, of governance patterned after the ways of organized labor or the political state. (Source: Earl V. Pullias and Leslie Wilbur, *Principles and Values for College and University Administration*, Philosophical Library, New York, 1984, pp 66-73.)

There is more emphasis on governing board accountability than ever before not only in the corporate world but also in postsecondary education – public and private, not-for-profit and for-profit. This has evolved, especially because of growing public concern in the U.S. about large salaries paid to chief executives and top administrators; numerous occasions of corruption or financial malfeasance in those types of organizations; and the public perception that many governing boards have not or do not exercise due diligence in governing the educational organizations.

At its most basic, *accountability has to report to a certain constituency* (for example, to stockholders in the case of for-profits and to the public in the case of not-for-profits) about what an organization is going to accomplish and also the status of achieving those accomplishments. Accountability is being responsible and accepting the consequences of the actions of the organization, whether those consequences are positive or negative. Progressive and socially responsible organizations take that definition of accountability even further and see themselves as being responsible to "stakeholders" -- to groups of citizens who have a direct or indirect interest in the operations and effects of the organization.

Public postsecondary education institutions, because they are supported by public contributions and enjoy favorable tax treatment, are accountable to the public. Just what accountability is, and how it operates, is by no means clear or simple. Yet the first job as a board member should be to explore this concept of public trust and how it relates to each member and the board as a whole. Accountability goes to the very heart of duty as a board member.

Either by statute or by the articles of incorporation or both, required of all not-for-profit organizations, the board is held responsible for the organization. The board as a whole, and its individual members, are answerable for all that the organization does, and how it does it. The board therefore is the locus of accountability.

The executive officer and staff answer to the board. While the executive and staff must obey laws and regulations, conform to the principles and policies the board lays down, and have their own integrity and standards they are accountable only to the board. It is up to the board to see that they conform. Executives and staffs, though they must act responsibly, do not have a separate accountability to the public.

This much, therefore, is straightforward: It is the board that is held responsible. The board is called to account for the organization. The board and its members hold a fiduciary trust to see that the organization functions properly.

In terms of organizational matters, accountability is of two kinds:

1. Individual board member accountability. Each member has responsibilities: attending board meetings, serving on committees, and being knowledgeable about the organization.
2. The board's collective responsibility. The effectiveness of the board as a whole is a key factor in the organization's overall effectiveness. To assure its own efficacy, the board as a whole should constantly examine these various elements (if they are applicable to the postsecondary education institution or organization's statutory requirements):
 - *Participation.* Do all members attend board meetings, take part in committee work, and keep informed about all matters related to board decisions?
 - *Composition.* Is the board the right size? Are there enough members with the needed skills—public relations, financial management, fundraising, knowledge of programs, and so on? Is there appropriate diversity of membership—age, gender, ethnicity, and constituency representation? Is the committee structure effective?
 - *Tenure.* Do the bylaws call for healthy membership rotation?
 - *Recruitment.* Are board members selected and oriented effectively?
 - *Officers.* Are the selection and terms of officers most conducive to strong leadership? Is the relationship of board officers to the executive and staff productive?
 - *Meetings.* Are the schedules, agendas, and paper preparation for board meetings as they should be?
 - *Self-assessment.* Does the board look candidly at itself to assure effectiveness? Does it evaluate itself on a regular basis?

With regard to the governing body's legal accountability, many legal scholars contend that board members have a *duty of care*, which requires them to exercise careful oversight, and a *duty of loyalty*, which requires them to exercise their powers *in the interest of the organization* rather than in their own or anyone else's interest. Avoiding conflicts of interest or the appearance of conflict, within the board and throughout the organization is a prime element of accountability.

In recent months national attention has been focused on the role of governing bodies at the University of Virginia and Pennsylvania State University. They are not alone. In addition to other institutions across the country the University of California and California State University boards have come "under fire" for actions taken with regard to administrative salaries, tuition and fees, admission policies, and a myriad of other matters that have, at the very least, caused consternation and suggestions that the boards as currently constituted are "out of touch" with reality.

Integral to any discussion of accountability in postsecondary education is the matter of governance and the role and responsibilities of governing bodies. Governance, whether it is of a single institution, a multi-campus system, or a statewide governing body, is concerned with how the institution or system is directed and controlled and, in particular, with the role of the governing body and the need to ensure that there is an effective framework for accountability of a governing board to institutional leadership. Absent such an integration of governing of PSE any discussion of accountability is shallow and without an understanding of how to ensure effective accountability and transparency.

In order to fulfill their responsibility of effectively overseeing management, the board(s) –coordinating and/or governing - must have a thorough understanding of the system or institution, its educational and business model and related risks, "corporate culture", and the various interests the governing board represents. A board has a responsibility to educate itself through the use of external advisors or other means and not rely solely on information provided by management. This will better allow the board to raise difficult questions and probe issues to provide input on strategy, assess and manage risk, and hold management accountable for its actions. The time frame needs to be very clear, as creating value is a long-term, not a short-term, process. Stakeholders are not looking for quick schemes that endanger the state's investment in postsecondary education.

In addition to its responsibility to oversee management, the governing board also has a responsibility to all stakeholders external and internal to the system or institution, such as faculty, staff, and students. Governing boards need to do a better job of identifying their constituencies and understanding and addressing their concerns.

Some observers and critics of current governance structures also need to reexamine how they are structured and how they operate. It is incumbent upon boards to establish processes that are appropriate and effective to restore stakeholder confidence rather than relying on a checklist approach to organizational governance. Information on best practices of boards would be useful to help to improve board operations. Some best practices include focusing on improving communications with management and using external advisors.

The importance of providing reasonable transparency of key information cannot be overstated, with regard to both financial information of the system or institution and board operations. Boards need to focus on enhancing the quality and reliability of financial reporting, identifying key elements of disclosure, and ensuring that such information is appropriately disclosed to the Legislature, Governor and the public. There is a need for better transparency of board activities to help restore stakeholder confidence, such as reporting on the board's progress against best practices of leading systems or institutions noted for the effectiveness of their boards. If the board is not following best practices, it should report why it is not following these practices. The point is made that highly successful organizations have reinvented themselves through two fundamental focuses—ethics/integrity and respect for people. These behaviors have been demonstrated by long term successful organizations.

As indicated by the Association of Governing Board's J.L. Zwingle, there is room for question about methods of selection and deployment of citizens responsible for the totality of postsecondary education, namely, governing board members, also known as a Board of Trustees, Board of Regents, or similar nomenclature. Among issues to which attention is drawn is the politicalization of governing boards.

The system as it now operates, however, does not require protection against the dominance of political factors in the selection of regents. Nor is there evidence of efforts toward strengthening the citizen's role in formulating institutional goals. At the same time, especially among newer institutions, there is a need for more statesmanship and less intervention in institutional affairs on the part of regents.

(Association of Governing Boards of Universities and Colleges, *Effective Trusteeship: Guidelines for Board Members*, Washington, D.C., 1984, p 15.)

In some cases the current system of selecting board members needs to be reexamined because the existing system from a stakeholder's point of view has not been working to get the appropriate people on boards. For example, it is viewed by some observers and critics alike that individuals who serve on numerous boards at the same time and/or who serve for personal incentives, over time lose the "independent spirit" needed to be an effective board member. There is no shortage of qualified people to serve on governing boards. Many people are willing to serve higher goals and the selection process needs to go beyond "its usual pool of suspects".

While governing boards came under closer scrutiny over the past year due to leadership crisis at the University of Virginia and Pennsylvania State University, issues have risen as to the composition of boards, how members get their positions, and what is their role and responsibilities. The Association of Governing Boards of Universities and Colleges (AGB) and its 2010 report, *Policies, Practices, and Composition of Governing Boards of Public Colleges, Universities, and Systems*, help to illuminate some facts.

- *The majority of members of most public governing boards (77 percent) were appointed by the governor, 60 percent with confirmation by the state legislature and 17 percent without; 5 percent of boards were elected, 3 percent were appointed by legislatures, and 15 percent were selected in a combination of ways or in some other manner.*
- *Most public institutions (83.0 percent) did not include the governor as a member of the board; 11.2 percent included the governor as a voting member and 5.9 percent as a nonvoting member.* It has been suggested by a growing number of observers that the policies extant of gubernatorial and legislative appointment threatens trustees' capacity to serve in good faith. Trustees should be free of political pressure. They also shouldn't be entitled to roles of such oversight in return for financial contributions to campaigns or to the institution at which they serve. And though state allocations for postsecondary education are shrinking, there's little evidence that state power to shape postsecondary education governance is anywhere on the decline.
- William Little, a professor at the University of Virginia, expressed it this way in the August 15, 2012 *Washington Post*:
- *This policy of gubernatorial appointment threatens trustees' capacity to serve in good faith. Trustees should be free of political pressure. They also shouldn't be entitled to roles of such oversight in return for financial contributions to campaigns or to the university. And though state allocations for higher education are shrinking, there's little evidence that state power to shape university governance is anywhere on the decline.*
- *A board of trustees should balance responsibility for its school's fiscal integrity with sensitivity to educational investment in research and critical thinking. This work is not carried out to its fullest if trustees are beholden to special interests. Each trustee must have the opportunity to approach the role of governance with independence, an open mind, discipline, creativity and humility.*
- *Yet only four states—Colorado, Michigan, Nebraska and Nevada—currently permit direct, public elections of board members. It's an arrangement that offers a way around the appointment model, but even this approach neither minimizes the potential for conflict of interest nor provides adequate checks and balances in the nomination process. It also leaves unaddressed the importance of giving a university's primary stakeholders adequate voice in the seating of a board.*

Among the roles and responsibilities of postsecondary education governing boards and their members are the following:

1. Determine mission and purpose.
2. Select the chief executive.
3. Support and evaluate the chief executive.
4. Ensure effective planning.
5. Monitor, and strengthen programs and services.
6. Ensure adequate financial resources.
7. Protect assets and provide proper financial oversight.
8. Build a competent board.
9. Ensure legal and ethical integrity.
10. Enhance the organization's public standing.

Good governance of contemporary American public universities requires a deep understanding of these institutions' identities. Endowment building and creation of new knowledge are not their only missions. Equally important is their commitment to engaging students in the practice of critical thinking. It is a practice marked by healthy skepticism, respect for other perspectives, pleasure in finding connections among seemingly dissimilar phenomena, joy in asking questions, and, one might argue, appreciation for the mysteries of self and world.

Public universities need to be served by board members whose own ability to think critically is free of constraint. This ability is safeguarded only if trustees are selected in a way that fosters a diversity of views and is responsive to the multiple missions of higher education.

The role of the governing board has two fundamental elements: decision-making and oversight. The decision-making function is exercised with respect to the formulation with management of fundamental policies and strategic goals and through the approval of certain significant actions; the oversight function concerns the review of management decisions, the adequacy of systems and controls and the implementation of policies. The governing body establishes formal delegations of authority, defining the limits of management's power and authority and delegating to management certain powers to manage the business of postsecondary education. The delegations of authority conform to statutory limitations specifying responsibilities of the board that cannot be delegated to management. Any responsibilities not delegated to management remain with the governing body and its committees.

Among the board activities that derive from these responsibilities are:

1. Strategic planning process

- Supervising the formulation of the strategic direction, plans and priorities of PSE
- Monitoring implementation and effectiveness of the approved strategic and operating plans
- Reviewing and approving the corporate financial goals and operating plans and actions of PSE, including capital allocations, expenditures and transactions which exceed threshold amounts set by the board
- Approving major business decisions

2. Identification and management of risks

- Ensuring that processes are in place to identify the principal risks of the PSE's business
- Reviewing the systems that are implemented by management to manage those risks
- Reviewing the processes that ensure respect for and compliance with applicable regulatory, corporate, financial, educational, and other legal requirements

3. Succession planning and evaluation of management performance

- Supervising the succession planning processes of the PSE, including the selection, appointment, development, and evaluation of the Chairperson of the governing board and the selection, appointment, development, evaluation and compensation of the Chief Executive Officer and the top management team

4. Oversight of communications and public disclosure

- Assessing the effectiveness of the PSE communications policy
- Overseeing establishment of processes for accurate, timely and full public disclosure
- Reviewing due diligence processes and controls in connection with certification of the PSE's financial statements

5. Internal controls

- Reviewing the effectiveness of the PSE's internal controls and the PSE's management information systems
- Establishing the PSE's values, as set out in policies expressed in a Code of Conduct
- Reviewing the PSE's financial statements and overseeing its compliance with applicable audit, accounting and reporting requirements
- Approving capital allocations, expenditures and transactions which exceed threshold amounts set by the board

6. Governance

- Establishing appropriate structures and procedures to allow the board to function independently of management
- Establishing board committees and defining their mandates to assist the board in carrying out its roles and responsibilities
- Undertaking regular evaluation of the board, its committees and its members, and reviewing its composition with a view to the effectiveness and independence of the board and its members

I. PUBLIC TRUST

A central feature of postsecondary education and its stakeholders, particularly, but not only, in relation to social capital, is trust and its role in facilitating collective action, that is cooperation among people to achieve common goals, assuming they have been developed and are articulated in some form.

The values of integrity, transparency and accountability in postsecondary education, indeed, in most enterprises public and private, have enjoyed resurgence within the past three decades or so. Sound postsecondary education practices involve public trust. Citizens expect public servants to serve the public interest with fairness and to manage public resources properly on a daily basis. Fair and reliable college and university services and predictable decision-making inspire public trust and create a level playing field for postsecondary education, thus contributing to well-functioning markets and economic growth. The integrity, transparency and accountability of postsecondary education are a prerequisite to and underpin public trust, as a keystone of good governance. Corruption and maladministration in this context could be seen as not only individual acts but also the results of systemic failure and indication of “weak governance.” Publicized corruption and administrative failure cases have had a major negative impact on trust in public decision-making.

Gaining and keeping public trust must be approached holistically, as the threads of integrity, transparency and accountability knit together to uphold all public administration and, ultimately, governance reforms. To this end, fighting corruption is not only an end in itself. It is of fundamental value in all government reform, which may require changes to legal and policy frameworks for the control and expenditure of public monies and improved procurement practices. It also requires attention to inculcating public service values throughout the institution through education, training and enforcement. Therefore, there is the need for a coalition among the government, the postsecondary education system and society to seek a better understanding of the needs of society.

The concept of the *public trust* relates back to the origins of democratic government and its 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 *public trust doctrine* is the principle that certain resources are preserved for public use, and that the government is required to maintain them for the public's reasonable use.

Over the last four decades, the public's trust in government in the United States has fallen dramatically due to an unusual confluence of contributing factors. Scandal after scandal has rocked Washington, DC, and many state capitals; governments have failed miserably in response both to crises and to long-term problems affecting American citizens; and political competition has been increasingly marked by polarization, gridlock, and toxic attack politics. One of the central problems undercutting Americans' trust in their public institutions has been the secrecy pervading many important aspects of government, which fuels corruption, abuse of power, and a lack of accountability for officials' mistakes. Consequently, promoting much greater openness or transparency in government has become one of the major strategies for restoring the public trust in the United States.

In the wake of highly publicized corporate, government, and nonprofit scandals, postsecondary education today must contend with a broad erosion of public trust. Increasingly, PSEs find themselves operating in an environment of heightened public scrutiny. Competition for financial support continues to escalate and the complexity and pressures of managing an organization are facts of life. Not even the best of PSEs is immune from falling into an undesirable situation. A temporary crisis in leadership, a public relations scandal, or dire financial straits can lead to diminished public trust.

What is the value of public trust and how can PSEs bolster the public's faith in the institutions? Strong public trust is multi-faceted. Local, regional and state residents value PSEs that are “good neighbors” and actively contribute to education, meeting social needs, and economic development. Students and other individuals and groups trust and value PSEs that welcome them and provide quality programs and services. Lawmakers set increasingly changing and rigorous standards for organizations with nonprofit status to demonstrate financial accountability and to use their resources in the best interest of the public.

And finally, funders – private and public - expect PSEs to have effective systems of management to ensure that they can operate with integrity, make ethical decisions, and use their resources to meet their stated missions.

In today's marketing and media-driven society, public trust is a valuable attribute —extremely difficult to establish and all too easy to lose. A college or university that has gained public trust and established a strong relationship with its community has a foundation on which to grow and thrive. It can be better prepared to go through a major change or weather an unforeseen crisis, with the community rallying around the institution as a partner in addressing the situation or problem at hand.

Trustworthiness and authority in PSEs grow directly out of skill and expertise well exercised as well as out of continual connection to the audiences and stakeholders they serve. Relentless focus on establishing continuous and direct connection to the audience will, over a long period of time, result in PSEs being seen as worthy of authority, affiliation, support, and trust.

While the challenges to the leadership of PSEs are great, their credibility and vitality have waivered in recent years. The need exists not only to go beyond being good stewards of resources to being good stewards of the public trust.

Public trust is an elusive quality to measure. A simple question that a college or university can ask itself is, "Would our community or our state really care if we went out of business?" Many PSEs meet their obligations to be law-abiding, well-managed, and responsible neighbors. Many PSEs around the country, large and small, are going well beyond these basic obligations. These PSEs are continually striving to be "good citizens." They reach out, invite participation, and are active, integral members of their communities. These exemplary PSEs recognize that maintaining the public's trust requires constant attention, nurturing of relationships, and a willingness to change as their communities change.

The issue of public trust in postsecondary education has never been more urgent or consequential than it is today. In many ways, the current global economic downturn is, at its core, a crisis of trust.

A new kind of dialogue is needed on this issue, as trust becomes increasingly crucial to PSE and society in the twenty-first century. The current global economic crisis, in which a lack of trust has weakened the world financial system, demonstrates the importance of this dialogue.

Just as the public is focused on elected officials, particularly state government, and drawing attention to the need to hold them accountable, postsecondary education stakeholders are saying it: colleges and universities need to be accountable. Their leaders need to be accountable. Faculty and staff need to be accountable. Students need to be accountable. So why do many "accountability" systems or programs fail?

The concept and experience of accountability needs rejuvenation. You have to get to the deep meaning of accountability. You have to be clear about who you are accountable to, "for what specific results," and "for what matters most." If you aren't, accountability becomes just another organizational buzzword, or worse, a hammer to punish people,

Accountability, when understood and applied effectively, will transform PSEs, their work, and their culture. *Accountability is the keystone of trust*, the foundation of labor and life.

In its simplest form, accountability is the *ability to be counted on*. Real accountability is rooted in the behavior of people. It is not, as some think, a character trait or something embedded in an organization. Accountability is determined by how you act. When people accept real accountability, life in an organization or in a relationship is straightforward and productive. No one needs a pack of dogs eating their homework or a fresh pile of excuses to explain incomplete tasks. People do what they say they are going to do—and paradoxically when this happens real accountability creates enormous freedom and the opportunity for creativity.

Real accountability leads us back to our roots as people with integrity, unleashing the human potential that can so easily be suppressed. In our complex organizations, our busy families and our fast paced society, accountability can be diffused or completely lost—and when accountability is lost, we lose touch with our core. When we grasp real accountability we get a grip on results.

Public trust in postsecondary education has certain distinct characteristics and dynamics, related to but different from those of other forms of trust—interpersonal, inter-institutional and cross-societal. *"Public trust in postsecondary education"* roughly describes the level and type of vulnerability the public is willing to assume with regard to its PSE relations. Today, a large portion of the public believes that the majority of its vulnerability in PSE relationships is not voluntary but rather results from a sizable power imbalance that enables executives and PSEs to assume far less risk than the average person. This sense has been exacerbated by the current financial crisis, in which American taxpayers have been called upon to shore up financial institutions whose risky behavior put the financial system at risk. And for PSE, rising costs associated with tuition and fees, fewer classes, budgetary disinvestment while salaries for executive management increases, faculty being laid off, reducing admissions of students at the undergraduate and graduate levels, especially for the PSE state while accepting out of state and foreign students to enter because they pay more, and a myriad of other real and imagined shortcomings add to the reduced levels of public trust.

Although individual institutions may be exempt from such distrust, and although the broad problem may seem to many to be too large and complex for them to address, several observations can be concluded:

- The general distrust of PSE hurts all of it, and, indeed, all participants in the global economy;
- There are concrete actions that can be taken to address and improve public trust in PSE, and

- The time has come for vigorous exploration of the relatively uncharted territory of public trust in PSE—social and technological changes have combined to heighten both opportunities and threats while shortening the window in which to take effective action.

PSE leaders need to become as expert in the trust environment as they are in the technological, economic, political, and competitive environments. Just as it is difficult for an individual institution to succeed if the whole economy is in trouble, so it is difficult for an individual institution to be trusted if all of PSE is mistrusted.

As a starting point for dialogue, it is proposed that an approach grounded in the general principle that trust creation is really an exercise in mutual value creation among parties who are unequal with respect to power, resources, and knowledge. Such a core condition for building public trust is the creation of approaches that create real value for all interested parties—PSE and public alike.

Today's low levels of public trust, rather than signaling a capricious public or a no-win situation, may represent opportunities for game-changing solutions that can lead to greater efficiency and value creation. These many opportunities, however, are the flipside of many new threats. Both trust and mistrust in firms can be irrationally contagious.

To capitalize on these opportunities and address these threats, leaders must develop a keen practical understanding of the three core dynamics of trust:

1. *Mutuality* – that is based upon shared values or interests.
2. *Balance of Power* – where risks and opportunities are shared by parties.
3. *Trust Safeguards* – that limit vulnerability in the context of power imbalances.

For PSE to grow in the United States, its advocates will need to carefully, consistently and cautiously articulate the purposes it serves, its effectiveness, and its efficiency.

The *visibility* of colleges and universities, while important, is less significant than its *viability*, which ultimately relies upon its *credibility*.

Postsecondary education has a responsibility to build and maintain a high degree of public trust and credibility. The continuing, highly publicized “scandals” are at risk of eroding that public trust. As a result, all in the field of higher education must pay particular attention to how we retain the trust of our public.

Trust in postsecondary education is of fundamental importance to society as well as to the postsecondary education community. Trust must be built and maintained and it is important at all levels, ranging from the individual members of the academic community to the education system. Trust cannot be built without quality and quality measures must be neither moody nor poor. They must be sufficiently standard to provide a common reference and sufficiently flexible to allow each institution and system to develop its strengths and draw on – but not be stuck in – its traditions. Quality measures must be reasonable: they must be efficient and not unduly burdensome and they must not pretend to say more than they actually do or given reason to be understood to say more than they do.

Trustworthy postsecondary education needs to consider its students and staff as members of the academic community and not as consumers and providers of postsecondary education services. Consumers have no interest in the provider of the services and if they do not find the services they want, they move on to the next provider. Members of the community have an interest in the development of their community and work to improve it. It is only when all hope fails that they emigrate. It is of critical importance to the future of postsecondary education that students and staff are seen as – and see themselves as – members of the academic community rather than as consumers and providers. Only then can we continue to develop trustworthy postsecondary education, a postsecondary education that helps develop the kind of society in which we would like to live.

J. ACCOUNTABILITY

Improved accountability is often called for as an element in improving postsecondary education performance. At first glance, the notion of better accountability seems straightforward, but it contains a high degree of complexity. For accountability to serve effectively as an organizing principle for postsecondary reform, conceptual and analytical clarity is required.

Accountability has been one of the most significant themes of educational policy reform of the past two or more decades in the United States. At the same time, the nation's economy more recently has been hit by turbulent times, as systemic and structural

weaknesses have made not only this country but for the most part the global economy particularly vulnerable to a series of external shocks that began within the last four or more years – 2008-2009 – but in fact have historical antecedents that go back many years.

While the impact of the economic recession has been widely seen in and experienced in most sectors of our society, it has been felt with dramatic impact on postsecondary education. In particular, California and its public institutions of higher education have seen unparalleled cost increases in the last few years.

These changes, and the states' attendant policy reactions, have brought key issues of governance and accountability, to say nothing of values, trust and integrity, to the forefront of the public's conscience. Included are fundamental questions about the proper size, structure, and role of the postsecondary education sector in the new paradigm evolving and taking shape in California and across the country as well as the significant cost increases to attend our institutions of higher learning.

In 2006 the following narrative was the introductory statements regarding accountability in higher education:

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

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

While the above was pertinent when it was written, it remains, unfortunately, to be just as relevant today if not more so. And while the statement is true today, the stakes are continuing to be higher amidst increased attention due in part to the inability or unwillingness of stakeholders at multiple levels to move assertively in dealing with the calls for accountability.

An example of the current dysfunction is has been occurring in California. On the one hand, the Governor signed into law a new state budget that includes another significant reduction of over \$1.5 billion to the state's public higher education system. Adding insult to an already critical injury in the state's postsecondary education system was inclusion in the budget of the elimination of the state's postsecondary education coordinating body, the California Postsecondary Education Commission (CPEC). Approximately 3 days after the budget was signed into law a bill that requires California to establish a system for reporting how

its postsecondary education institutions are meeting educational and economic goals passed through the state Senate Education Committee.

The bill – Assembly Bill 2 – required the state to establish an “accountability framework” that provides a biennial assessment of the collective progress of the University of California, California State University and California Community Colleges.

The bill's co-author, in justifying his bill, stated the justification for the regulatory requirement this way. *“We owe it to our students to have valid data that gives them the confidence in our world class colleges and universities.”*

The University of California's Office of the President sent a letter to the bill's principal co-author offering support for the bill if certain amendments we made. Among the issues raised were concerns that the bill's framework was too complex and did not allow higher education officials sufficient interaction with legislators. Another concern at the time the letter was sent was the potential for the elimination of CPEC, the primary data collection entity in the bill's new framework.

The issues raised are curious on a couple of fronts. First, the calls for accountability and accountability frameworks have been called for and advanced through previous legislation itself over the last several years. And second, on this particular issue CPEC itself advanced a framework for accountability including roles and responsibilities that reflected the collaboration with the systems of higher education in the state as well as legislative staff.

The lesson of the public's outrage at both its elected officials and its PSE, elected officials outrage, and many others internal and external to the postsecondary education establishment in California and across the country is a simple one: Transparency – not obfuscation or passivity. Unfortunately, even in the last 6 or more years, amidst a lot of rhetoric, it is apparent that California's PSE in general as well as other stakeholders have failed to understand the simple message.

Writing in his newsletter, *EPI Today*, on August 7, 2009, Watson Swail (President & CEO, Educational Policy Institute), offered his commentary on the state of higher education in the United States under the headline, “The American Higher Education System: May It Rest in Peace”:

I'm not sure when it happened, but sometime recently the US Higher Education System passed away, quietly in its sleep, of causes undisclosed to the public. The System, which leaves behind an overbloated four-year system, an underdeveloped and underskilled two-year system, and an illegitimate proprietary system, had not been well for quite some time. To those closest to The System, they knew it was coming; they just didn't know when.

While others, inside and outside the ivy walls, have voiced similar concerns there has been the ongoing cacophony of those within the ivy walls offering up the traditions, legacies, self promotion, and age old homilies about the perfection of higher education. All that is needed are more funds, to be left alone, and to allow the institutions to do their own thing. After all, the genius of American higher education is its ability to rise above the madding crowd of naysayers and provide a quality education at a fair price while providing much needed services and research to the advancement of humankind.

Amidst such dissonance continues to be an increasing call for accountability, increased transparency, and assurance that the return on investment, by the state as well as by students and their families, is assured. In other words, close the tragic gap between the rhetoric and reality.

Interest in accountability measures that clearly communicate higher education's performance to external stakeholders has increased since House Bill 3103 was passed by Congress. In June 2010, the National Governors Association announced its *Complete to Compete* initiative, with common metrics to monitor progress and outcomes in all 50 states.

In 2005, the State Higher Education Executive Officers (SHEEO) umbrella agency published a report entitled *“Accountability for Better Results: A National Imperative for Higher Education.”* The SHEEO report called for the states to adopt new, agreed-on accountability measurements focused on a few, explicit goals—measures to help guide performance improvement and answer key questions about higher education. The authors decried the use of cumbersome, overdesigned, confusing, and inefficient accountability measures. New measures would help higher education and states to make better informed policy and budgetary decisions, close achievement gaps, and promote greater equity in allocating resources, the report asserted.

Interest in accountability reports that clearly communicate higher education's performance to stakeholders has grown since the SHEEO report was published in 2005. (The National Commission on Accountability in Higher Education. *“Accountability for*

Better Results: A National Imperative for Higher Education." Denver: State Higher Education Executive Officers. March 2005. Retrieved August 25, 2012 from www.sheeo.org/account/accountability.pdf.)

It is important to monitor year-to-year progress, especially in a poor economic climate, so that any potential negative impacts can be addressed as they arise. However, a one-year increase or decrease does not denote a trend. Although it is important for an oversight organization to closely monitor short-term changes, it should primarily focus on overall trends and comparisons to the baseline years.

Without accountability, the greatest strategies in the world are not worth the paper they are written on. Accountability needs to be a part of PSE culture while improving performance at the same time. It is such an important concept, particularly as PSE organizations get more globally focused and pursue multiple initiatives to drive performance. Success cannot happen without accountability. It is that simple.

K. ACCOUNTABILITY: DEFINING TERMS AND ISSUES

By its very nature, the term "educational accountability" provokes discussion. Education is a very complex, interactive process involving content, student capacity and motivation, and instructional skill. Accountability implies the assessment of performance, the public communication of information about performance, and the potential for sanctions or rewards.

Combining these words leads quickly to questions about content, power relationships, and legitimacy in educational accountability. At the outset one must ask, who is accountable, for what, and to whom? Then, are the goals and standards appropriate, are the measurements of performance valid and reliable, do those seeking to hold others accountable have legitimate expertise and authority? Such questions appear explicitly and implicitly in testimony submitted to the Commission.

While difficult to resolve conclusively, these questions must be engaged. Improving educational attainment has become a matter of great national urgency. Educators, the public, and our elected representatives need to develop ways of addressing the questions of accountability that help us make progress toward the national goal – greater educational attainment with no compromise on quality. (National Commission on Accountability in Higher Education, Overview, State Higher Education Executive Officers, Summary of May 10, 2004 Commission Meeting, retrieved June 10, 2011, <http://www.sheeo.org/account/comm-home.htm>.)

The business world defines accountability in its most simple of terminology, as the obligation of an individual or organization to account for its activities, accept responsibility for them, and to disclose the results in a transparent manner. It also includes the responsibility for money or other entrusted property.

Calls for accountability in PSE are prompted in part by questions concerning whether colleges and universities use their resources effectively to promote student learning. Unfortunately, too little is known about whether money matters to desired outcomes of college.

As articulated in an earlier report and recommendations on the subject of accountability in higher education,

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.

(Leveille, David E., "Accountability in Higher Education: A Public Agenda for Trust and Cultural Change," Center for Studies in Higher Education, University of California, Berkeley, December 2006, p. 34.)

Many different organizations and groups of individuals have a vested interest in the operation, decisions, and priorities of public and private postsecondary education. Similarly, while PSE stands accountable to each, the ways in which the colleges and universalities are responsible – accountable – for their educational, research, and service functions is often in conflict with various stakeholders and more often than not is not well articulated in meaningful ways. Furthermore, some stakeholders, such as state government and governing bodies often do not fulfill their roles and responsibilities in a timely or meaningful manner.

Several years ago the National Association of Independent Colleges and Universities offered not only a listing of what they identified as *"an admittedly incomplete list of major entities"* to which colleges and universities are accountable, or should be, *"and in ways that are accountable to each group"*:

I. Governments and Governing Bodies

Who: Federal, state, and local governments, governing boards, church control, accrediting bodies, bond rating agencies, National Collegiate Athletic Association (NCAA), American Association of University Professors(AAUP).

What: Proper expenditure of public funds (including those administered through grants and contracts), fiscal stability, compliance with the laws of each jurisdiction, compliance with the responsibilities and requirements of nonprofit organizations.

II. The Public

Who: Both the general public as well as subsets of the public who may utilize and/or support the services of the institution (e.g., prospective students and their parents, employers, elementary and secondary schools).

What: Clear and accurate information about the institution, its self-regulatory processes, and the benefits of higher education to individuals and society. For prospective students and their families, accountability includes providing information that helps them make meaningful choices among colleges and universities, and assists them in understanding financial aid programs.

III. Institutional Constituencies

Who: Students, faculty, staff, alumni, donors, foundations, local community.

What: Depends on the particular constituency. The accountability may be contractual, based on ethical considerations, or grow out of societal standards and expectations." (National Association of Independent Colleges and Universities, http://www.naicu.edu/special_initiatives/accountability/student_assessment/id.534/default.asp, September 6, 2011.)

Creating an environment where accountability is clear and fully accepted is a subtle and complex task. Accountability is one of three critical components to effective empowerment. Think of empowerment as supported by a tripod. The three legs of the tripod are responsibility, authority, and accountability. Every task that is "handed off" to postsecondary education needs to be transferred with this balance in mind.

The balance is achieved when the organization, in this case postsecondary education, has 1) a clear understanding of its responsibilities, 2) the authority necessary to fulfill these responsibilities, and 3) the accountability for the consequences of their outcomes. When one of these "legs" is shorted, the tripod topples.

In its essence, accountability means having the responsibility and authority to act and fully accepting the natural and logical consequences for the results of those actions.

In reality, accountability can be strongly influenced by two aspects of an organization: its systems and its culture. Making the right changes to both of these can help instill the appropriate sense of accountability that most organizations desire.

IV. Systems for Organizational Accountability

To be effective at fostering accountability and ownership, postsecondary education's systems must be designed with three basic principles in mind.

- **Focus:** Postsecondary education must have a clear, shared focus and explicit expectations. Systems for accountability begin with a clear focus and expectations. In a PSE environment, particularly but not exclusively in the public sector, there needs to be a shared and clear mission statement that links directly to the organization's vision as well as the state's expectations. Building on that mission statement colleges and universities should identify its collective outputs and devise systems for measuring their success at efficiently delivering quality products or services. Within such a setting, each "member" – state and institution - should be clear of their roles and responsibilities including agreements on individual expectations and standards of excellence.
- **Influence:** Postsecondary education must have influence over both their work processes as well as the people with whom they are interdependent. Postsecondary education will also need to be able to influence the operations of these systems. This means they need to be given as much authority as is reasonable to determine how they achieve the outcomes they have committed to. As Stephen Covey says, *"You can't hold people accountable for results if you manage their methods."*

Similarly postsecondary education needs to have influence over those with whom they are interdependent. This includes a state's governing and/or coordinating body for postsecondary education. Holding the various components of a state's postsecondary education system accountable for their combined results will only work if the entities within the state can influence each other's behavior.

- **Consequences:** There should be natural and logical consequences for all actions. Lastly, the state, assuming it has articulated its public agenda, expectations, and prerequisite financial resources for its postsecondary education system needs to close the loop by connecting real consequences to actions. Building accountability is hard work. It entails building connections, putting transparency systems and processes in place so as to build confidence. Such a system takes the form of reporting and communication lines, rewards system for good performance, reprimands for bad performance and everything that helps ensure transparent and honest dealing within the organization.

Accountability is an essential part of responsibility. It is rooted in the authority of the leader. Whoever gave the authority to the leader, and in postsecondary education it typically is the governing board, has the power to call that leader into account. The leader reports to them. The leader lets them know what is going on. The leader gets the trophy for excellent performance. If everything is just doing well, the leader gets the shrug. But if the leader slips and makes tragic mistakes, the leader gets the axe!

L. ACCOUNTABILITY THEN AND NOW

Peter Ewell, Vice President at the National Center for Higher Education Management Systems (NCHEMS), has stated that "Many of the same tensions that characterized the accountability and improvement purposes of student learning outcomes assessment when the assessment movement began in the mid-1980s still exist today". (Ewell, Peter, *Assessment, Accountability, and Improvement: Revisiting the Tension*, National Institute for Learning Outcomes Assessment, November 2009, p. 3.)

As a close observer, evaluator, and researcher into the topics of assessment and accountability, Ewell goes on to observe:

The conflicting imperatives of accountability and improvement that formed the basis of my argument two decades ago remain substantially intact. Accountability requires the entity held accountable to demonstrate, with evidence, conformity with an established standard of process or outcome. The associated incentive for that entity is to look as good as possible, regardless of the underlying performance. Improvement, in turn, entails an opposite set of incentives. Deficiencies in performance must be faithfully detected and reported so they can be acted upon. Indeed, discovering deficiencies is one of the major objectives of assessment for improvement. The state mandates that constituted the assessment-as-accountability pole of the tension 20 years ago, in the main, had effects that were similar to assessment's most recent embodiment in the recommendations of the Spellings Commission: an institutional response oriented largely toward compliance and one typified by noticeable faculty disengagement. The central conclusion of this dynamic, then as now, is that when institutions are presented with an intervention that is claimed to embody both accountability and improvement, accountability wins. Because the stakes associated with higher education are so much higher for policy makers today, aggressive action on the accountability agenda is more likely and a proactive response on the part of the academy is more urgent.

(Ewell, *ibid.*, pp. 7-8.)

Webster's English Dictionary defines the term "accountability" in two ways: the first is "the quality or state of being accountable"; the second and most relevant is "especially: an obligation or willingness to accept responsibility or to account for one's actions."

The dictionary draws attention also to the word "accountable." Its meaning is twofold:

- First: "Subject to giving an account: ANSWERABLE (held her accountable for the damage)."
- Second: "Capable of being accounted for: EXPLAINABLE."

These meanings are relevant to democratic governance where the system of governance entails delegation of power. This is very true with postsecondary education, particularly public colleges and universities where like in most societies many powers are *delegated* to public authorities. Most critical is drawing attention to being *answerable* and *explainable*.

Because of this some assurance must be provided to the *delegators*—that is, society at large—that this transfer of power is not only effective, but also not abused.

M. RELATIONSHIP BETWEEN GOVERNANCE, TRANSPARENCY AND ACCOUNTABILITY

Governance is the “glue” that creates clear accountability, productive collaboration, and operating efficiency within today’s increasingly complex organizations. But while governance models are often highly rational and clear on paper, politics and emotions can dilute their intent in the course of execution – something that calls for the direct oversight of the chief executive officer as well as the governing board.

In order for government and society – the public - to effectively evaluate the positive and negative impacts of different PSE decisions and practices on society and the environment, the public as well as government needs to have access to information about such impacts. A serious vacuum continues to exist regarding information available to local communities and the general public about PSE decisions and practices that could or do negatively affect their well-being and environment. For the public and government to ensure that specific PSE decisions and practices are indeed in the interests of society, public access to information needs to be strengthened. The same can be stated unequivocally as it relates also to decisions and actions by the government.

Transparency ensures that information is available that can be used to measure the authorities’ performance and to guard against any possible misuse of powers. In that sense, transparency serves to achieve accountability, which means that authorities can be held responsible for their actions. *Without transparency and accountability, trust will be lacking between a government and those whom it governs.* The result would be social instability and an environment that is less than conducive to economic growth.

Transparency requires that information about governance be readily available and that the dialogue between citizens and their institutions and their institutions be open and continuous. Transparency is important in its own right and as a precondition of accountability.

Transparency and accountability are about giving stakeholders (students, parents, legislators, governors, communities, taxpayers, etc.) what they want to know about how postsecondary education operations—plans, policies, performance indicators, key decisions regarding how their public colleges and universities are, or will be, good stewards of the resources the institutions holds in trust for them. Postsecondary education should be showing everyone how good and ethical it is and not waiting for them to ask.

Integral to any discussion of accountability in postsecondary education is the matter of governance and the role and responsibilities of governing bodies. Governance, whether it is of a single institution, a multi-campus system, or a statewide coordinating or governing body, is concerned with how the institution or system is directed and controlled and, in particular, with the role of the governing body and the need to ensure that there is an effective framework for accountability of an oversight or governing board to institutional leadership. Absent such an integration of governing of postsecondary education any discussion of accountability is shallow and without an understanding of how to ensure effective accountability and transparency.

The term *governance*, as generally used, encompasses all aspects of the way PSE is governed, including its policies and regulatory framework.

Good governance is a concept that has come into regular use in political science, public administration and, more particularly, development management. It appears alongside such terms such as democracy, civil society, participation, human rights and sustainable development. In the last decade, it has been closely associated with the public sector reform.

Good governance has 8 major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. (Organization for Economic Cooperation and Development, Citizens as Partners: OECD Handbook on Information, Consultation and Public Participation in Policy-Making, OECD Publishing, November 29, 2001.)

As increasingly being seen on the national scene, however, institutions of higher education are not immune from the growing pressures to hold public institutions more accountable to the public for their funding and services provided. The federal government as well as a variety of stakeholders have been and are bringing even greater attention to accountability measurement in the postsecondary system. But even without this attention from federal authorities, state governments, led by many state governors, are beginning to pay much more attention to accountability and outcomes measurement as an important strategy to impose more academic and financial rigor on their institutions of higher education. This growing attention to defining and measuring outcomes is likely to be even more important in states such as California, where the once proud and excellent

system of higher education has frustrated education policy makers and where careful development of a goals and accountability system could overcome the limits of fragmented governance.

Accountability is a key requirement of good governance. Not only governmental institutions but also the private sector and civil society organizations must be accountable to the public and to their institutional stakeholders. Who is accountable to whom varies depending on whether decisions or actions taken are internal or external to an organization or institution. In general an organization or an institution is accountable to those who will be affected by its decisions or actions. Accountability cannot be enforced without transparency and the rule of law.

Open access to information provides a basis for government accountability and raises the barriers against capricious, self-serving intervention. Without accurate, detailed, and timely information it is difficult to assess institutional and board performance, set targets and allocate capital efficiently. This is true not only as it applies to colleges and higher education but other sectors, including state government entities such as the Legislature. Such action will go a long way in improving transparency and accountability in the conduct of public affairs.

Greater participation by citizens in democratic processes, respect for the separation of powers, transparency, accountability, access to information, and public trust are key elements of good governance.

Within the context of performing their oversight function, one of the main issues of the governance process is the extent to which parties to the overall process are held accountable for their actions. This relates to the issues of:

- Authority to make laws;
- Answerability for the oversight of the outputs, outcomes, and impact of public policy; and
- Retrospective references to the after-event scrutiny of government's performance by external bodies.

In a Working Paper by the Institute For Higher Education Policy, with a primary focus on community colleges, the importance, and shortcomings - of higher education accountability systems was underscored.

Our study suggests that, in their present form, statewide accountability systems are not likely to provide state policymakers with the kind of information they need to identify viable options and make effective choices to meet state performance goals. Accountability systems in their present form can also be a distraction rather than a help at the institutional level. As a result, critical policy decisions—like whether to accommodate enrollment growth in community colleges rather than in more expensive four-year institutions—are often being made based on weak or nonexistent data.

(Institute For Higher Education Policy, Making Accountability Work, Washington, D.C., May 2006, p. 3)

In many instances weaknesses in accountability is an important factor for such shortcomings in public management as poor service delivery, and inability to mobilize resources, waste or mismanagement of available resources, and the neglect of the maintenance of public goods and equipment. On the other hand, transparency is seen within the context of public knowledge of the policies of government – legislative and postsecondary education - and confidence in its intentions. This requires making public accounts verifiable, providing for public participation in policy-making and implementation. It also includes making available for scrutiny accurate and timely information.

The concept of transparency as a component of good governance is linked with institutional values such as democracy, accountability, and greater efficiency and effectiveness of public policy, both as output and as impact. In particular, reference to sound public policy and governance practice can broadly be defined as public knowledge of the processes and confidence in its intentions leading to the enactment of public policy and/or laws.

For postsecondary education, sound public policy and governance transparency requires:

- Making it possible for all the stakeholders to have access to governance processes;
- Making public accounts verifiable;
- Providing for public participation in government policy-making;
- Implementing and allowing contestation over choices impacting on the lives of citizens;
- Making available accurate and timely information on results of policy for public scrutiny.

Transparency involves certain key issues, which need to be thoroughly addressed in the effective practice of democracy. These issues revolve around information, civil society and certain ethical considerations. In particular it involves how information is

managed and the appropriate mode of communicating such information. Additionally, the medium of making information accessible to its intended beneficiaries is also important, paying particular attention to the rights and freedoms associated with information dissemination.

- Transparency is essential to success. The same is true of accountability. The better faculty understand their role in the institution's success – however that is defined – the greater the likelihood of accountability in all directions.
- Transparency has become a widespread principle for governance and accountability. It refers to the availability of information to the public and openness about an organization's management, rules, regulations and decisions. But any disclosure of information is only as good as the quality of the records to which it provides access or on which the reports are based.
- Transparency contributes to creating trust amongst the public in relation to both not-for-profit and profit making organizations. By offering the public access to information, it meets the requirements of transparency and accountability, synonymous with good entity (corporate) governance. It will enhance the PSE's reputation and ultimately its quality, and enrollment. It is important to understand, however, that "access to information" is neither interpreted to mean access to information without restraint nor indiscreet and irresponsible disclosure. There are certain circumstances such as commercial confidentiality and privacy in which access to information cannot be provided.

Other issues of transparency that require special attention and focus include: the relationship between transparency and accountability; decision-making; confidentiality; ethics; the need to strengthen the relations between and among all stakeholders; and trust.

Accountability and transparency are essential conditions for securing effectiveness in the use of public resources, promoting public welfare, enhancing governmental responsiveness and, therefore, enhancing the overall legitimacy of the political system and particularly the legislature's role. In this regard, transparency and accountability puts the issue of corruption in focus and can be seen as the abuse of public office or public trust for private gain. In public management, the public knowledge of the work of government and its related entities – postsecondary education being the focus here – through transparency – enables the accountability component of good governance to be evaluated.

N. CYCLE OF DECISION-MAKING

The cycle of decision-making primarily runs from policy-makers to the public. The public are the beneficiaries of decisions and to the extent, to which it is possible, they are consulted and their opinions incorporated into state policy relating to postsecondary education. There is an inherent tension between the belief of consulting and involving the public and the difficulty of involving them in decision-making. The view is that when the public, the ultimate beneficiaries of policy, are involved in the decision making process, a better outcome in terms of public policy can be assured. However in an attempt to assure a more fluid channel of decision making between decision-makers and beneficiaries, certain obstacles come up. These issues become hindrances to sound policy and administrative decision-making. The major obstacles include:

- Lack of clarity of goals;
- Confusion of the public interest with a client/constituency interest;
- Rigid conservation through strict adherence to rules, procedures and past practices;
- Specialization (particularly committee's work) causing legislative and postsecondary education staff to oversimplify reality;
- Reluctance to engage in policy and program evaluation.

In 2006, in the earlier report from the Center for Studies in Higher Education, the following was identified as 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.

Seven years later similar critiques can be stated only in stronger terms. Actions taken by many states, and in several instances inaction, have created a conundrum while decreases occur in the trust and financial support of many public institutions and systems for postsecondary education.

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.

Perceptions, real or imagined, have generated issues relating to not only accountability, however defined, but also the governance of public institutions of higher education.

Institutional autonomy exists to protect the pursuit of truth, not to protect institutions from accountability. This privilege should not be invoked to discourage appropriate oversight and real self-regulation. But that is what is happening. In 2006, the Secretary of Education's Commission on the Future of Higher Education concluded that the accreditation system had "*significant shortcomings*" and asserted that "[t]he growing public demand for increased accountability, quality and transparency required a "transformation of accreditation".

Postsecondary education is expected to justify the public investments it receives by helping to raise the appropriate human capital to deal with the socio-economic challenges confronting the state, nation and even in most countries worldwide and to position them to effectively survive, compete and succeed in the knowledge economy.

The ability of PSE to mobilize and allocate human, material and financial resources in pursuance of the trinity of mission – teaching, research and community service in a manner that maximizes output and reduces 'production costs,' and assures quality determines the level of efficiency.

Postsecondary education is a major contributor to the social and economic progress of the nation. For Californians, institutions of higher learning provide a wealth of knowledge for individuals, communities, regions, and the State. Postsecondary education is inextricably linked to the economic development of the State and has contributed to the human capital that has fueled all aspects of the State.

Higher education is an investment in human capital. Human capital, like economic capital, is the source of economic growth. The investment in human capital shares many of the characteristics of other social and economic investments such as investment in technology or construction of roads and airports. First, there is an initial period of investment where individuals, families and society incur costs as a person acquires knowledge and skills. This investment period is followed by entry of the educated individual into the labor market. The result is a lifetime of more stable employment and significantly enhanced earnings compared to the less skilled and educated.

The State benefits from its educational institutions in multiple ways.

Postsecondary education...

- provides broad-based education and training to citizens throughout the State;
- trains youth for the jobs of tomorrow;
- helps people retrain to meet new job challenges;
- aids in the transfer of technology from pure research to applied research to practical application;
- preserves and extends cherished social and cultural values;
- reduces poverty;
- improves the economic well-being of women and historically under-represented groups;
- reduces unemployment;
- represents a major contribution to economic growth; creates a wider variety of personal, familial, and social benefits that are not captured in the earnings measures that make up the calculation of the return on human capital investment.

These benefits are achieved through several major functions:

- The actual process of providing education, research, and private and public service, which has a dramatic fiscal and employment impact.
- The process of working directly and indirectly with business and government in the creation of economic and social goods.
- The creation of human capital that impacts directly on the economic growth of the State.

The majority of colleges and universities benefit society not just by producing intelligent graduates and valuable discoveries but also by fostering unmarketable yet invaluable intangibles such as social tolerance, personal responsibility, and respect for the rule of law. Each is a unique community of scholars in which lives as well as minds are molded. Most pure profit-based competition would produce fewer of these social goods, just as increased government regulation would dampen the great universities' genius for discovery.

Ideally, the faculty members, administrators, and alumni who best appreciate the totality of the university's contributions to society will, in the spirit of self-regulation, play a leading role in revitalizing their beloved institutions. They have the capacity to determine their own fate and in so doing take the indispensable university to new heights.

As increasingly being seen on the national scene, however, institutions of higher education are not immune from the growing pressures to hold public institutions more accountable to the public for their funding and services provided. The federal government as well as a variety of stakeholders have been and are bringing even greater attention to accountability measurement in the postsecondary system. But even without this attention from federal authorities, state governments, led by many state governors, are beginning to pay much more attention to accountability and outcomes measurement as an important strategy to impose more academic and financial rigor on their institutions of higher education. This growing attention to defining and measuring outcomes is likely to be even more important in states such as California, where the once proud and excellent system of higher education has frustrated education policy makers and where careful development of a goals and accountability system could overcome the limits of fragmented governance.

Accountability in PSE, particularly in the public domain, has become an increasing catchphrase of the electorate in recent years. There is a loss of trust and cynicism that has emerged in many states, fueled by scandal and perceived misuse of authority in both the private and public sectors. This has raised a call for increased transparency, accountability and some assurance that what is being delivered represents value for money and good management as well as good public policy. In the public sector, taxpayers are rightly demanding of their elected officials and college and university leaders and managers: How can we ensure that our tax dollars are being spent wisely?

Institutions of postsecondary education have faced increased accountability expectations over the last decade, and in fact a lot longer. Whereas these institutions might previously have been asked to report on number of enrollments, number of courses taught, and other *inputs*; today, they are being asked to report on student learning and employment *outcomes*. The focus on increased accountability stems from several major trends and stakeholders of PSE, including government, the private sector, and citizens.

First, across the board, taxpayers have pressured government agencies to demonstrate effective and efficient use of public dollars. Increased accountability for primary and secondary educational institutions has crept up the education ladder to postsecondary education. Additionally, limited state dollars for public services in general force institutions of postsecondary education to justify their state funding. These institutions must demonstrate that they are more important and more necessary through their accountability systems in order to continue receiving state funds.

Second, employers expect more from all educational institutions, especially postsecondary. Technological innovations and new business practices require increased job skills. Employers expect new workers to come to the job with these skills. Many rely on institutions of postsecondary education to train current workers in them.

Finally, citizens who are customers of PSE demand more. Postsecondary education customers expanded from mostly traditional young adult, four-year students to a myriad of types of students with varying demands. Adults are returning to school in record numbers. The percentage of part-time students on campuses has increased significantly. Students want shorter courses and programs that can be combined with full-time work. A growing supply of non-traditional PSE institutions and programs has risen to meet the new needs of students. In order to meet the needs and to compete with these non-traditional institutions, public PSE institutions must show results. In order to show results, their success must be measured.

State PSE organizations have responded at varying degrees to increased pressure for accountability. *Measuring Up 2000*, the first comprehensive report on state accountability systems by the National Center for Public Policy and Higher Education

indicated that only a handful of states had comprehensive student accountability systems in place as of the 1997-1998 data collection period. However, the majority of states had partial accountability systems in place, and, since the publication of that report in December 2000, *FutureWorks* has found that many more states have designed and implemented such systems.

At a time when our economy is navigating a crisis, and public trust of PSE activity is in short supply, the intersection of concerns about corporate sustainability, accountability, transparency, and ethics with the proliferation of Web 2.0 communication tools offers an opportunity for new forms of collaborative leadership and participation, and for shaping a new agenda. In many ways we are witnessing the transformation of long-held notions about the boundary of the firm, and, with that, an evolution in the concept of who is "inside" and who is "outside" the organization. In this report, we call this creative and expanding network of intersections the *Accountability Web*.

What is the difference among these concepts and categories? *Accountability 1.0* is marked by one-way proclamations, campaigns, and PR communications. PSE and stakeholders talk *at* each other more than *with* each other. Because it is more about speaking than listening, *Accountability 1.0* processes sometimes unintentionally fuel antagonism, confrontation, and mistrust between PSE and stakeholders. *Accountability 2.0* rests on the assumption of two-way communication, cooperation, and mutual engagement. *Accountability 2.0* allows actors in the accountability ecosystem to disagree over substantive issues while engaging in respectful dialogue that seeks mutual understanding and more consensus-oriented solutions.

O. THE NEW ACCOUNTABILITY

Accountability is all about being answerable to those who have invested their trust, faith, and money in you. Postsecondary education must be accountable to multiple stakeholders, including public, private and institutional donors; local, state, and federal agencies; volunteers; students; and the public at large. And everyone who works for a postsecondary education enterprise, whether as a paid staff member or a board member, has a role to play in ensuring the organization is answerable to its constituents.

Chief financial officers, for example, must file accurate and timely tax forms, and provide legible financial reports to board members, legislators, accrediting bodies, governors and many others. Fundraisers need to report back to donors on how their dollars were spent. Board members, meanwhile, need to provide sound fiduciary and management oversight to ensure that the PSEs activities are efficient and transparent, and that its reputation remains above reproach.

There are three components to accountability — financial and regulatory compliance, stewardship, and public trust. To establish accountability across an organization, every department must both comply with financial standards and demonstrate to key stakeholders that it has put in place the systems and oversight needed to manage funds. And when problems arise, PSEs need to acknowledge them, fix them, and move on. To do otherwise is to risk ending up in the headlines for all the wrong reasons.

Accountability systems have become one of the most important vehicles for state policy in postsecondary education, as they report measures of institutional performance within the context of larger statewide goals. (National Commission on Accountability in Higher Education, Overview, State Higher Education Executive Officers, Summary of May 10, 2004 Commission Meeting, retrieved June 10, 2011, <http://www.sheeo.org/account/comm-home.htm>)

The issue of *public trust* in and about postsecondary education has never been more urgent or consequential than it is today. In many ways, the current global economic downturn is, at its core, a crisis of trust. Not-for-profit organizations such as colleges and universities are "public benefit" corporations; the purpose of their existence is to benefit the public as opposed to the private interests of their board members, staff or even of individual donors or others. The mission of a not-for-profit organization expresses the particular way that the organization will fulfill its public benefit purpose. Fittingly, board members are often referred to as "trustees", which reinforces the concept that the assets of a not-for-profit are entrusted to the oversight of its board members who have a legal duty to ensure that the organization uses those assets to fulfill its mission.

It is one thing to exist for the benefit of the public. It is another to earn the public's trust through ethical leadership and responsible practices. The good will earned by accountable and transparent organizations is one of, if not the most important, of its assets. Contributors, donors, and other stakeholders will give to organizations they trust to use their financial support and gifts wisely. Volunteers will invest their time in causes when they trust that the organization is acting ethically. And stakeholders as well as "consumers" of the services provided will return as well as support the colleges and universities for services, and recommend that institution to others, when the organization has shown to be accountable for its actions. Increasingly, stakeholders, watchdogs, and the media have raised their voices and thus the pressure on colleges and universities to act ethically by forcing them to be transparent in their financial dealings and also to be responsive and accountable when complaints surface about their conduct.

A new kind of dialogue is needed on this issue, as trust becomes increasingly crucial to postsecondary education and society in the twenty-first century. The current global economic crisis, in which a lack of trust has weakened the world financial system, demonstrates the importance of this dialogue. Public trust in related to postsecondary education has certain distinct characteristics and dynamics, related to but different from those of other forms of trust—interpersonal, inter-firm and cross-societal. “Public trust in postsecondary education” roughly describes the level and type of vulnerability the public is willing to assume with regard to “higher education.” Today, a large portion of the public believes that the majority of its vulnerability in postsecondary education relationships, indeed, in all of education as well as government and financial institutions, is not voluntary but rather results from a sizable power imbalance that enables policy makers and elected officials as well as executives and others at the top of the “food chain” to assume far less risk than the average person. This sense has been exacerbated by the current financial crisis, in which American taxpayers have been called upon to shore up financial institutions whose risky behavior put the financial system at risk.

Although individual institutions may be exempt from such distrust, and although the broad problem may seem to many to be too large and complex for them to address:

- The general distrust of postsecondary education hurts all components of a state’s postsecondary education enterprise;
- There are concrete actions that can be taken to address and improve public trust in postsecondary education; and
- The time has come for vigorous exploration of the relatively uncharted territory of public trust in postsecondary education—social and technological changes have combined to heighten both opportunities and threats while shortening the window in which to take effective action.

Postsecondary education leaders need to become as expert in the trust environment as they are in the technological, economic, political, and competitive environments. Just as it is difficult for an individual college or university to succeed if the whole postsecondary education system is in trouble, so it is difficult for an individual institution to be trusted if all of postsecondary education is mistrusted.

As a starting point for dialogue, we propose an approach grounded in the general principle that trust creation is really an exercise in mutual value creation among parties who are unequal with respect to power, resources, and knowledge. We believe that a core condition for building public trust is the creation of approaches that create real value for all interested parties—postsecondary education and public alike.

Today’s low levels of public trust, rather than signaling a capricious public or a no-win situation, may represent opportunities for game-changing solutions that can lead to greater efficiency and value creation. These many opportunities, however, are the flipside of many new threats. Both trust and mistrust in postsecondary education can be irrationally contagious. To capitalize on these opportunities and address these threats, leaders must develop a keen practical understanding of the three core dynamics of trust:

1. Mutuality – that is based upon shared values or interests.
2. Balance of Power – where risks and opportunities are shared by parties.
3. Trust Safeguards – that limit vulnerability in the context of power imbalances.

Accountability and evaluation are complex concepts that incorporate notions of the measurement of effectiveness, efficiency and of responsibility. These concepts are constantly evolving as colleges and universities adapt to their environments. The unique nature of the public colleges and universities poses special challenges in the identification of effective accountability and evaluation practices. Historically, postsecondary education has often produced inputs and outputs that are difficult to measure using traditional systems.

Due to the number of stakeholders involved, issues of accountability can become very complex. Only by holding itself to the highest standards of performance and by using the best accountability and evaluation systems available can public colleges and universities continue to meet the demands and expectations of the public and policymakers.

P. STUDENT LEARNING

One of the more significant issues being raised relating to PSE concerns student learning. The value of a college diploma is being questioned from many stakeholders. Parents and students want to be reassured that they are not being shortchanged

when they sign a student loan. Employers need to know their new hires are capable of the adaptive and innovative thinking required for their businesses to remain competitive, and lawmakers in Congress and state capitols want to know exactly what their increasingly scarce dollars are paying for.

In the past, those in the academy have been reluctant to quantify the value of a college education. In fact, it has long been argued that academic inquiry and other intangibles are what have made the college experience so valuable. While some might disagree with that claim, the reality is that in order for our system of higher education to survive in this era of limited funding and escalating costs, we need to prove that students are learning and that our colleges and universities are capable of driving innovation and creative thinking.

This poses a challenge in rethinking how we rank and rate colleges today, which has traditionally been based on an alchemistic mix of hard-to-measure elements such as reputation and campus-based statistics, such as acceptance rates, library and endowment sizes, etc. The problem is that none of these metrics directly measure how students do once they arrive on campus. And while a diploma is a signal of what an individual has learned, it is not necessarily indicative of the actual skills and expertise that individual is ready to apply.

Student learning outcomes – the test of knowledge and skills that postsecondary students should master as they complete courses and programs – also are important potential components of any comprehensive accountability system. Because of the virtual absence of program uniformity or cross-institutional standards in the postsecondary environment, few states have even attempted to develop system-wide indicators for this complex area of student learning. On the other hand, because this category of measurement is currently receiving nationally we do think that increased attention at the institutional and state levels requires substantive discussion and action.

As Cohen and Brawer (1982) point out, educational accountability – the assurance that degrees or certificates “*evidence some set of proficiencies achieved at some minimum level*” is central to the reputation of the nation’s colleges and universities. Growing skepticism about educational quality, however, has tarnished this reputation.

Public confidence in higher education, then, rests on the ability of educators to document the actual learning that accompanies degree or program completion. (Source: Cohen, A.M., and Brawer, F.B. *The American Community College*, San Francisco:1982, p.237.)

Many would argue that accountability in itself is not necessarily bad or good, but that what really matters is how and what is measured, and by whom. It is up to colleges and universities, and the institutions that accredit them, to make sure that whatever system falls into place does not repeat the same mistakes that have been made in K-12. Progress has been slow, but it appears that the postsecondary education sector is up to the task. Groups like the New Leadership Alliance are building consensus around the idea that colleges should measure, use, and make public evidence of student learning. The Western Association of Schools and Colleges is incorporating measures of proficiency and benchmarking into its accreditation process in ways that avoid dictating curricula or specific approaches.

A few common themes surface from such approaches: It appears that the best way to compare widely different institutions and the students they serve is to measure proficiency in writing, communication, critical thinking, and problem-solving skills, rather than rote learning of subject material. And while no one in PSE wants an NCLB-like focus on data, all colleges -- public and private -- are under intense pressure to contain costs and ensure that they are getting the biggest bang for their buck. Information about what is working can only serve to help PSE make smarter decisions about how to shape their instructional programs. And the best approaches to measuring PSE have already come -- and must continue to come -- from the people who know them the best, not from policymakers or the purveyors of standardized tests. Together, these approaches can help preserve academic freedom and institutional autonomy, rather than undermine them.

Colleges and universities have never been good about using or sharing data: they gather a lot of information they never use, and they do not gather a lot of the information that they actually need. But recent research offers hope that the emerging consensus on measuring student progress is not just another hoop to jump through. Instead, the research suggests that this approach will improve faculty engagement and enhance student learning, all while providing demonstrable proof that colleges and universities are effectively serving the public interest.

Because of an inherent and desirable diversity of opinion regarding what constitutes quality in PSE, most quality assurance processes rely on institutions to define quality on their own terms in congruence with their missions. This approach allows for

considerable autonomy and innovation but makes it difficult to convey to various constituents what specific institutions and the PSE sector as a whole contribute to society at large and to individuals and communities.

Colleges and universities worldwide face increasing demands to demonstrate quality, educate a more diverse array of the world's population and contribute to the economic and social development of the state. These demands reveal the increasing importance of PSE to both individual and societal well-being. But they have also engendered a more diverse array of financial and political stakeholders with varied interests and values in PSE. As a result, there has been a shift in some oversight responsibilities and governance prerogatives from traditional self-regulation of the academy to an array of institutional management and external public and private sector interests.

Growing external demands on and interests in the work of postsecondary education institutions overlay traditional intrinsic PSE values for preserving history, cultivating the life of the mind, and advancing scientific and technological frontiers. Academic administrators and administrative professionals find themselves navigating between two competing sets of interests and values: leveraging external demands to stimulate internal improvement while preserving autonomy and self-regulation important to academic professionals.

Postsecondary education, particularly public ones, continues to face some major issues when it comes to accountability. These include the lack of both measurements to evaluate supporters' return on dollars invested in the institutions and comprehensive data and analytical models to improve institutional transparency. These deficiencies have led to public distrust and a demand for public colleges and universities to become answerable to those who support them. The Spellings Report concluded that there are inadequate transparency and accountability tools for measuring institutional performance. The report also explained that these tools are becoming more and more necessary in order to maintain public trust in higher education.

Since the 2006 Spellings report several initiatives have taken place in higher education to address transparency and accountability. For example, the Voluntary System of Accountability (VSA) developed in 2007 by a committed group of university leaders. This initiative by public 4-year universities was developed to supply clear, accessible, and comparable information on undergraduate student success measures. Other initiatives include the Committee on Measures of Student Success (CMSS), Achieving the Dream, Complete College American/Complete to Compete, Gates Foundation Outcome Measures and most recently the Voluntary Framework of Accountability (VFA).

Accountability in postsecondary education can have many meanings and can be measured in different ways using one or all of several indicators. Given the strong tradition of state support for and control over public colleges and universities, these institutions have little choice but to take a proactive role in first defining higher education accountability at the institutional level and then providing clear and precise measures to demonstrate the institutions' accountability to taxpayers. While various attempts are being made by many institutions to voluntarily provide and publicize performance data there remains a strong and ongoing need to provide the desired information in ways that are readily available and easy for laypersons to understand.

Q. CALIFORNIA

The global recession has significantly strained the budgets of families, institutions and governments, resulting in the need to make ever more difficult decisions about the allocation of resources. These challenging circumstances heighten the importance of demonstrating the quality of the California postsecondary education sector.

The quality of California's postsecondary education is intuited by many but understood by few. Measurements of quality are important for accountability, student and graduate mobility, and continuous improvement. An increasingly diverse milieu of postsecondary education institutions and programs must continue to meet the needs and expectations of Californians. Accountability measures will ensure that the quality of California postsecondary education institutions will be sustainable in an increasingly competitive, mobile and global higher education marketplace. All stakeholders must understand where and how to improve programs and institutions so that broader goals may be achieved. A pro-active stance is critical if California is to avoid the risk of falling behind other states and countries that have embraced the important imperative of economic and social well-being, quality and improvement in postsecondary education.

Attention may need to be drawn to an important fact: in eleven states, one or more of the public universities have constitutional status, with varying degrees of autonomy. Among those that enjoy the maximum autonomy is the University of California. This is an important consideration in California's postsecondary education system, and is integral to the historical accomplishments and prestige of one of the world's leading institutions of higher learning.

The Constitution in California provides:

The University of California shall constitute a public trust, to be administered by the existing corporation known as "the Regents of the University of California", with full powers of organization and government, subject only to such legislative control as may be necessary to insure compliance with the terms of the endowments of the University and the security of its funds.... The University shall be entirely independent of all political or sectarian influence and kept free therefrom in the appointment of its regents and in the administration of its affairs....

(Constitution, State of California, Article xi.)

Essentially, this constitutional provision gives the University a freedom of action in formulating educational policy and creating a program that does not prevail among all public institutions. It also is intended to free the institution from involvements with state bureaucratic operations and, to a degree, from harassments of political machinations.

Some also believe that the constitutional provision also is based on the theory that education should be a fourth branch of government, and, inasmuch as it underlies the well-being of the whole society, should be separated from the other, essentially political activities of government. Opponents of this theory contend that the nature and scope of all of education is a matter of public policy and, therefore, should be responsibilities of the governor and the legislature. Increasingly, as seen in budgetary matters and proposed legislation as well as actions of the governing board, opponents seem to be gaining momentum.

Internally or externally, report after report focused on California over the last 30 years or more have drawn attention to issues in need of attention. One of the latest reports, but certainly not the last, was released by California Competes, a council of civic and business leaders. *The Road Ahead*, released in June, 2012, drew particular attention to the "dysfunctional governance" structure of the California Community College system – though it could have included others in the mix – and the absence of an independent and accountable statewide body to steer higher education policy toward the state's workforce needs.

Postsecondary education's response to the fiscal situation in California has, in the minds of many, made a bad situation worse. With rising tuition and fees at levels never before seen in California, faculty and staff furloughs, significant reductions in classes, "outsourcing" of higher education students to other states while enrolling a substantial number of out of state and foreign students, substantial raises for executive management and a myriad of other delimiting of postsecondary education opportunities, Californians are outraged.

According to the California Postsecondary Education Commission (CPEC), before it was eliminated by the governor, in its 2010 report, "Ready or Not, Here They Come" projects that the demand for undergraduate enrollment slots at the California Community Colleges, the University of California, and the California State University will increase by 16 percent, or 387,000 students, by 2019. Furthermore, to accommodate all those additional students, the college systems will need \$1.5 billion more in support in 2019 than what it received in 2008, the study found.

Despite these projections the UC and CSU have seen a 28 percent decline in state support between fiscal years 2007-2008 and 2011-2012, according to the 2012 Stanford Institute for Economic Policy Research (SIEPR) report "Public Higher Education in California: Examining the Financial Landscape of the 21st Century", authored by David Hoffert and Robert Jackmana. The report documents shrinking state support for California's public higher education system and predicts steeper cuts in the future, even if an estimated \$7 billion in new tax revenues (as proposed by the governor) are approved.

Amidst the continuing changes occurring in California's public postsecondary education system caused to large measure by the substantial increases in tuition and fees and time to degree being lengthened, aggressive recruiting is occurring by out of state colleges and universities. More California students, particularly top students, are vying for admission at out of state colleges and universities in large numbers. Officials at public and private schools across the country are reporting record levels of California applicants, an intellectual flight pattern that should worry public policy experts, who fear students, may never return.

Enrollment of Californians at Boise State University rose tenfold in the past decade. Arizona State University doubled its enrollment of freshmen from California which enrolled about 1,110 California freshmen in 2010. The University of Oregon has quadrupled it, with freshman enrollment from California growing from 280 in 2000 to 1,100 in 2010. New York University enrolled almost 600 California freshmen in 2010, about double the number from a decade ago.

Enrollment of Californians at small liberal arts colleges such as Wesleyan University in Connecticut, Lewis and Clark College in Oregon, and Williams College in Massachusetts nearly doubled in the past decade. Overall, more than 27,000 California high school graduates started college to-of-state, four-year university in 2010, up 90 percent for 2000, according to the latest (May 2012) data submitted by colleges to the U.S. Department of Education.

As the University of California and the California state University systems are eliminating courses, reducing enrollments, and furloughing faculty, many out of state schools are increasing their recruitment of California students.

Between 2009 and 2010 the following are additional reported percentage increases in that academic year at several selected institutions. Early reports indicate that the trend continued last year and is occurring this year as well not only at these institutions but many others as well.

Arizona State University	+24%
Colgate University	+15%
Swarthmore College	+16%
University of Delaware	+36%
University of Pennsylvania	+22%
University of Virginia	+24%
University of Washington	+22%
Villanova University	+34%

The Public Policy Institute of California is concerned with this trend, indicating the state's knowledge-based economy cannot afford to lose its top students. It projects that by 2025, 41% of the state's jobs will require a college degree, but only 35% of California adults will have one. If current trends persist, according to the Policy Institute's analysis, the state will face a shortfall of one million college graduates.

In addition to postsecondary education's response has been the response of California policymakers. The disinvestment in postsecondary education, elimination of the state's oversight and coordinating body, micromanagement and intrusiveness into internal operations of colleges and universities, threats and "triggers" to be pulled by state leaders if the voting public doesn't support the proposed fixes they are advancing, short-term fixes for long range needs and also a myriad of other mates not being addressed.

While there are sufficient issues in need of attention there is, nevertheless, a substantial downside to how the various players are fulfilling their stewardship responsibilities. Postsecondary education's leadership has seemingly been oblivious to the fact that every system and each institution has an identity, a set of things that differentiate it more or less clearly and more or less consistently from its "competitors." And they seem to be oblivious as well to the fact that when there is a substantial gap between rhetoric and reality, between the image an institution constructs of who it is and how it actually behaves, there can be a huge backlash.

When times are good, when revenue is rolling in, an organization can construct an image for the outside world that may, in fact, be somewhat fanciful. It is when the going gets rough, in times of crisis like the one that not only our State but also our postsecondary education is now facing, that we discover the organization's true identity – who it really is – through the way it behaves. To the extent that the constructed image aligns with the way it behaves, we can speak of authenticity. But when there is a gap between the two, however large, questions inevitably get raised, both for those inside the organization and those outside, about who the organization is, really.

Californians have prided themselves on, among other things, the historical commitments to being the "best of the best" as far as its postsecondary educational system. Millions once moved to California for its boundless promise, but time has not been kind to the Golden State.

One only needs to be reminded that from 1950 to 1970, student enrollment in California's system of postsecondary education increased fivefold, a growth rate that generated internal organizational stresses, created frictions among the different university constituencies, and threatened the system's capacity to govern itself.

Under Governor Edmund G. "Pat" Brown, elected in 1958, the state continued an aggressive program of public works, primarily with a focus on transportation roadways north and south and east and west, a rapid expansion of higher education, and the massive California Water Project.

Like his Republican progressive predecessors, Brown advocated civil rights for historically under-represented groups but also promoted business interests, notably in real estate development, Hollywood, aerospace, and agribusiness. Equally important, the Democrat embraced the traditional good government principles of the progressives. Shortly after taking office, Brown initiated a

thorough reorganization of state government, attempting to make it more businesslike. California, Brown himself noted, needed "to apply the latest concepts of management, organization, and cost control just as modern corporations have done".

The original California Master Plan for Higher Education was approved in principle by the Regents and the State Board of Education (which at that time governed the then California State Colleges and the Community Colleges) on December 18, 1959 and was submitted to the Legislature in February 1960. A special session of the 1960 Legislature passed the Donahoe Higher Education Act, which included many of the Master Plan recommendations. Governor Edmund G. (Pat) Brown signed the Donahoe Act into law on April 26, 1960. For various reasons, many of the key aspects of the Master Plan were never enacted into law although agreed to by the public postsecondary education segments and the State. There are four major dimensions to this accomplishment. The Master Plan:

- created a system that combined exceptional quality with broad access for students;
- transformed a collection of uncoordinated and competing colleges and universities into a coherent system;
- established a broad framework for postsecondary education that encourages each of the three public postsecondary education segments to concentrate on creating its own kind of excellence within its own particular set of responsibilities; and
- acknowledged the vital role of the independent colleges and universities, envisioning postsecondary education in California as a single continuum of educational opportunity, from small private colleges to large public universities.

The *Master Plan for Higher Education in California 1960-1975* was an extraordinary document for its time.

In many ways it has served the State of California well, as it has served millions of California students. The core of the Master Plan was, and to a large degree still is, the concept of "differentiation for function." Differentiation of function addresses the mission of the three public segments of postsecondary education. Each segment has a unique mission, and yet the segments overlap and share some purposes.

The Master Plan was to increase overall efficiency in the postsecondary education system, as well as produce greater number of graduates at a lower per-student cost by removing redundancies. This was accomplished by clearly specifying the missions of each system segment, in addition to clarifying what "territory" belonged to each institution. It established a "rational" planning process for the growth of the university systems, setting aside a past practice in which the Legislature would introduce bills establishing new four-year universities in a member's home district, a kind of political pork.

The Plan was the basis for a substantial surge in development in California postsecondary education. Today, many credit the California universities for the place the State holds in the world economy, as well as bolstering its own economic makeup with great investment in high technology areas, such as Silicon Valley, biotechnology, and pharmaceuticals.

Nevertheless, now, in 2013, the needs of California for postsecondary education have changed; the most clear and apparent change is that the needs have grown well beyond anything dreamt of in 1960. Not only has California's population more than doubled, but the demographics of the state in 2013 could not have been imagined by most people in 1960. The need for education relevant to California's economy is a different public policy question in 2012, different from 1960. But California has no mechanism, short of the Legislature, to address change in public policy and public provision for postsecondary education.

A case in point: as suggested by some critics of the current state of affairs in California's postsecondary education environment, specific, but by no means unique, concern is raised toward the University of California. The substantial increase in the number of foreign and out-of-state students enrolled in UC, and the higher tuition and fees rise, the more many stakeholders wonder legitimately who the system belongs to or will belong to in the future. What has happened and is happening to the social contract between the people of the State of California and its constitutionally protected university?

Along with the above concern was the joining of another issue when UCLA faculty and institution voted to move their graduate school of business private, depending solely on a variety of grants, private donations, plus student tuition and fees. Will such an action, once operationally implemented, include the payback to the taxpayers the substantial amount of investment made over the years in the university?

Nationally, according to SHEEO in its *State Higher Education Finance, FY 2011* report, FTE enrollment grew 17 percent in the past five years. All fifty states have experienced increases in Full-time Equivalent (FTE) enrollment since 2006, and total public FTE enrollment increased by 33 percent from 2001 to 2011. This trend continued in the most recent year, with a national increase of 275,000 students, or 2.4 percent above 2010.

- In California, however, enrollments fell by 50,000 or 2.8 percent between 2010 and 2011. The enrollment decline in California likely reflects the effects of both higher fees and enrollment caps due to decreases in state appropriations.
- Of the 50 states over the 2006 FY – 2011 FY period, only Maine at 8.7 percent had a lower 5-year percentage change than did California at 8.9 percent.
- During this same period, California higher education experienced a decline of 12.3 percent in educational appropriations per FTE student when adjusted to 2011 dollars.
- California public higher education net tuition revenue per FTE, when adjusted for constant 2011 dollars experienced a 5-year change of 33.5% increase.
- The total educational revenue per FTE during this same 5-year period in constant adjusted 2011 dollars was a decline of 3.2 percent.

Data released by the U.S. Department of Education shows increases for four-year, public institutions that are similar to what has been observed over the past decade, though the current trend of cost increases has risen faster in recent years. Between 2001-2002 and 2011-2012, in-state tuition and fees at public, four-year colleges increased at an average rate of 5.6 percent beyond the rate of inflation each year, according to the College Board's 2011 report on trends in higher education pricing. (At the same time, student loan debt jumped to \$904 billion in the first quarter of this year -2012-, the highest in records going back to 2003 tracked by the Federal Reserve Bank of New York.) That rate is higher than in previous decades: in the 1980's, tuition increased at about 4.5 percent each year, and in the 1990's at 3.2 percent.

Tuition and fee increases have consistently outpaced annual increases in the Consumer Price Index for decades. As a result, parents and students have been required with increasing debt accompanied by what some consider a declining value added return on their investment. And if parents and students are unable to provide the necessary financial support for the student to pay for his or her college education, the federal government has supplied federal loans that now find many students faced what a debt burden that will take years to pay off.

One is also reminded anecdotally of California legislative hearings during the 1970's and 1980's in particular when tuition and fees were increasing. Amidst student and parent protests often times statements were made by legislators in committee meetings suggesting that educational opportunity might be better met outside of the state. Additional comments were often made reflecting the point of view that new facilities or even new campuses should not be added as it would only increase the financial burden of the state.

It also is interesting to note that during the early 1980's, when the public systems in California, particularly the California State University, strongly advocated and then adopted new admission requirements to increase the accessibility of students for entrance that more and more students were able to meet the requirements from all socio-economic levels in the state. This has continued with subsequent generations of students. Yet, at the same time that the preparation and achievement of eligible students for admission to the public universities is occurring, when the call is for a substantial increase in the number of college graduates is being called for at state and national levels, there is a disinvestment in public postsecondary education accompanied by significant increases in tuition and fees. What is wrong with this picture?

Either closing down admissions to California residents at the undergraduate or graduate levels, or significantly reducing the transfer of students from the California Community Colleges so as to increase the number of out-of-state or foreign students to obtain out-of-state levels of tuition and fees is contrary to the principles and values of California's "contract" with its citizens.

And where are the governing boards? They appear to have too often approved tuition and fee increases in the absence of serious debate while failing to press institutional executives, on the one hand, for evidence of improving learning, and on the other hand failing to press their legislative bodies to stop the disinvestment in public postsecondary education. Federal and state intervention is on the horizon as public concern rises. Yet, the very elected officials who have previously incentivized continuing tuition and fee increases with federal and state grants and subsidized loans, are beginning to join the chorus of critics. Finger pointing is running amuck, and few, regardless of their position, are taking their fiduciary role and responsibilities seriously.

Immediate attention needs to be given to the state's expectations for its postsecondary education system. It will be vital for the state to identify its specific expectations for its PSE system as well as provide the necessary funding support so that performance accountability efforts are directly linked to the goals and strategies of its colleges and universities.

Among other matters, if the Master Plan for Higher Education is not to be the continuing foundational document for California then a *Public Agenda* is definitely needed in a timely manner. In addition, since the California Postsecondary Education Commission (CPEC), in its role as coordinating and oversight body has been set aside, a new body needs to be implemented

sooner rather than later to provide the necessary oversight and coordinating entity to provide an objective, knowledgeable and comprehensive advisory role to the State's administration and legislative body as well as the stakeholders, primarily the public. (See CSHE Research and Occasional Paper "REVISITING CALIFORNIA HIGHER EDUCATION COORDINATION," by David E. Leveille. CSHE.5.12, April 2012). And thirdly, the current disinvestment in public postsecondary education by the State requires not only scrutiny but also a significant reinvestment into what has been the pacesetter for increased accessibility, research, and service, inextricably linked to the economic vitality and growth and development of the State and its inhabitants.

For example, if reducing the amount of remedial education required for high school graduates is specified as a strategy, then the public systems of higher education should be expected to work together to track the performance of students and the colleges and universities, assuming that the state underwrites the goal to enable not only the implementation of the cooperative and collaborative effort of working together as well as ensuring that the necessary tracking system is in place and that a third party is able to collect and interpret the data as well as provide reports and recommendations to the institutions, policy makers and the public.

The State of California got it right more than five decades ago when it articulated the purpose and mission for postsecondary education with the *Master Plan for Higher Education in California*. This important plan set forth the state's vision and investment in a three-tiered system of higher education comprised of the University of California, California State University and California Community Colleges.

The California Community College system is the workhorse of that commitment. Comprised of 112 colleges located in every nook and cranny of this state, the community colleges serve 2.6 million students annually. To put this into context, the community colleges serve six times as many students as the collective 23 campuses of the California State University system and 11 times as many students as the University of California campuses combined.

In 2010, California's public colleges and universities enrolled more than 2.3 million students, or one out of nine college students in the United States. Nine out of 10 California students attended a CSU or a community college. The state system has successfully educated and enriched generations of Californians, even as the state's population has grown larger, more diverse, and less prosperous in recent decades.

Amidst the significant contributions made in the past and currently, the disinvestment in California's public postsecondary education system has been substantial. The UC system has seen its allocation of state funds cut by \$1 billion since 2008, a drop of 25 percent. The California Community Colleges have lost \$668 million over the same time period, a loss of 24 percent. The CSU, all 23 institutions, have been cut by almost \$900 million, 30 percent of their prerecession support. And, at a time that it is needed perhaps the most in the last 25 years, the California Postsecondary Education Commission, the state's coordinating and oversight body, was shut down over a year ago.

California's PSE system stems from and is an extension of our 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. Today, California is a global society confronting exponential growth in its knowledge base, changing economic and social patterns, and an emerging future whose course will be determined by actions of the present.

California's PSE system continues its development in concert with the nation's need to participate in a global society with an economy driven by knowledge and technological achievement. Yet, every generation defines its own agenda and creates a future for the oncoming generations.

What is new in today's climate from 1984 is the emerging awareness of the crucial role of education, especially PSE, in economic growth. One need only look at California's agricultural past to ascertain how research and education enabled the State to increase agricultural production to know intuitively that the same ingenuity will yield economic gains and greater stability.

An accountability process is essential to ensuring that the public receives a strong return on its investment in PSE. The commitment of California's public colleges and universities to a process is paramount to continue the public's trust. The willingness of California PSE needs to be demonstrated by their collaboration and cooperation as well as diligence and effort in providing a high quality of reports submitted to stakeholders in a timely manner in response to an articulated **Public Agenda** that specifies the goals, objectives and outcomes desired by the State.

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, parents, business leaders, and other interested stakeholders interested in PSE to view progress toward those goals, and (3) provides a basis for making policy decisions.

Immediate attention needs to be given to the state's expectations for its PSE system. Recently such expectations have been referred to in other states as a *Public Agenda*. It will be vital for the State to identify its specific expectations for its PSE system as well as provide the necessary funding support so that performance accountability efforts are directly linked to the goals and strategies of its colleges and universities. For example, if reducing the amount of remedial education required for high school graduates is specified as a strategy, then the public systems of PSE should be expected to work together to track the performance of students and the colleges and universities, assuming that the State underwrites the goal to enable not only the implementation of the cooperative and collaborative effort of working together as well as ensuring that the necessary tracking system is in place and that a third party is able to collect and interpret the data as well as provide reports and recommendations to the institutions, policy makers and the public.

Fiscal realities continue to threaten the ability of colleges and universities to ensure the quality experience students will need to compete in tomorrow's world. In addition, continuing budgetary reductions, even after the academic year is underway, severely impact current students, their families, and those wishing to enroll in most institutions of higher learning across this nation.

State and national leaders need to understand that it is the investment in students now which will lead to a stronger and thriving California and nation tomorrow.

California Research

One would be remiss if attention was not drawn to a significant aspect of California postsecondary education. It is the role of research. California's postsecondary education, with particular focus on the University of California, is among world leaders in university-based research. Given the importance of university research to California and the nation's overall research effort, this is very much a source of competitive advantage for California. The federal government is the largest external investor in California's university research. Its system of support for university research is absolutely fundamental to maintaining and enhancing California's and the nation's competitive position internationally. Of course, the State's investment also plays or should play an important role. Between the federal government and the State of California is provided funds for the production of new ideas; for developing, attracting, and retaining highly qualified research talent; for cutting edge research infrastructure; and for reimbursement of the costs of essential institutional support for the research effort. It is comprehensive and works very well, enjoying wide support in the university research community.

Nevertheless, maintaining California's position among world leaders in university research will require both increased investments and efforts to ensure that the system of federal and state support is as effective, efficient and accountable as possible.

Community Colleges

According to a June 2012 report, **California Competes**, the dysfunctional governance structure of California's community college system and the absence of an independent and accountable statewide body to steer higher education policy toward the state's workforce needs are undermining the economy.

Community colleges are a unique American phenomenon. From the outset, though they may be characterized historically as "two-year college", "junior college" and "community college", they may take many forms yet all, for the most part, they serve a diversity of purposes, provide a variety of educational services, and distribute students among many types of educational programs.

The two-year public community college was generally conceived of as a tuition-free or low-cost institution which, by reducing the cost of postsecondary education, draws students from a broad spectrum of the general public, including those from the lower socioeconomic strata of society. It has, and continues, to serve as a democratizing institution in postsecondary education.

In 1947, the Committee on Legislation of the American Association of Junior Colleges strongly recommended that laws be enacted to provide for nationwide free tuition in two-year colleges. The committee recognized that large numbers of able high school graduates were kept from college by financial barriers and that the tuition-free junior college could encourage many to complete two years of college while living at home. Public education through grades 13 and 14 was rapidly becoming a national goal. In 1964 the Educational Policies Commission of the National Education Association proposed the same thing, and in 1966, the National Commission on Technology, Automation, and Economic Progress added its voice to urge universal education through the first two years of college.

It is recognized that throughout the country tuition and fees vary considerably. At the same time, many states, including California, has over the last decade significantly increased tuition and fees amidst efforts to reconcile state revenue with state budgeting. It is axiomatic that increased tuition and fee constitute a major hardship for the great numbers of students from the lower socioeconomic strata who nationally comprise more than 50 percent of the two-year college student body.

If a two-year college is to operate effectively as a democratizing force within the spectrum of California postsecondary education, and has a relatively unrestrictive admission policy, then consideration should be given to not only revisit at the local and state level a return to either universal education through the first two-years of a full-time community college educational experience, and, barring such a concept, to hold steadfast at existing tuition and fee levels with no increases, period.

Coordination or Chaos?

Recent events around the country have diminished or eradicated the role and responsibilities, to say nothing of the human capital lost, by eliminating state higher education coordinating agencies in several states. At the forefront has been actions taken by California's governor. Such misguided and contrary actions are diametrically opposite of what most states require and most importantly, what stakeholders are now finding lacking in far too many instances.

As recently as February 13, 2013, a legislative analysis advised the state's legislature to reject several aspects of the governor's postsecondary education spending plan incorporated within his budget proposals. While recognizing that the governor's budget plan draws attention to several problems requiring attention in the short and long term, "serious concerns" are raised with several of his specific proposals.

Of particular note as it relates to his earlier decision to "defund" the state's postsecondary education coordinating body, the state's Legislative Analyst Office (LAO) indicates that the governor's proposal "cedes substantial state responsibilities" to the college and university systems. Furthermore, it indicates that "increased spending should have more oversight from the state and should be tied to more specific performance benchmarks for the institutions.

An entity with coordinating and oversight responsibilities for postsecondary education, now extinct in California, clearly should be reinvented and reinstated as called for by many stakeholders (see *Improving Higher Education Oversight*, LAO, January 6, 2012) as well as in earlier CSHE papers on the subjects of accountability and coordination (see "Revisiting California Higher Education Coordination" by David E. Leveille. CSHE.5.12 (April 2012). Such a role and responsibility should not be undertaken by either the LAO or an individual institution or system as it is self-serving, inappropriate, and vulnerable to conflicts of interest and impede the exercise of independent and objective judgment and evaluation required of such a body.

Effective and credible mechanisms available to government for "managing" postsecondary education are indispensable for reform, productivity, and accountability. Evidence from around the nation shows that a well-organized and monitored process, driven by clearly stated goals and expectations coupled with accountability for results and provisions of adequate resources, is important for the success of the postsecondary education quality policy.

Certainly such evidence has been demonstrated within the State of California when policymakers have provided the resources and been receptive to the independent-minded coordinating body rather than their own anecdotal perceptions. These organizations have brought important improvements for the public policy commitments and concomitant processes.

The main features of oversight bodies that contribute to quality include the following components:

- the capacity for co-ordination of institutional frameworks from a statewide perspective;
- independence and sufficient authority to exercise oversight of postsecondary education institutions and systems;
- political support at high political levels; and
- integration into a broad concept of reform.

The independence of oversight bodies can be better guaranteed if they are staffed with experienced experts and professionals with different fields of expertise. Oversight bodies should have information and capacity for independent judgment, and constantly look for exchange of information and experiences with other organizations and states. Strong political support is necessary to fulfill their assigned tasks. Stakeholders can take part in the design and support of oversight bodies, but the public interest must prevail.

The Master Plan for Higher Education in California addressed coordination with the creation of the Coordinating Council for Higher Education. The original proposal from the Survey Team and the then two governing boards had membership only from the segments. The legislature amended the original recommendations to include a few public members. In 1973, after it was clear that coordination was principally about the cumulative interests of the segments, the Legislature terminated the Coordinating Council and created the California Postsecondary Education Commission (CPEC) with a greater number of public members.

According to many not only in postsecondary education but also stakeholders as well, perhaps the single most important structural change that can be implemented at this time in California postsecondary education is the creation of a meaningful coordinating body, a body to address the public interest for policy and provision for postsecondary education. The public interest is not the sum of segmental interests. A meaningful coordinating body will have the capacity for oversight and to address change, the issue which Governor Pat Brown addressed in 1960. A useful coordinating body should not be a super-board, second guessing academic and allocation decisions by campuses and segments. It should be an oversight and coordinating body with a clear mandate to address broad public issues and provide binding decisions about these public policy issues within the framework of the executive and legislative structure of state government.

A well considered coordinating board, from its inception, can have one great paramount advantage over a statewide governing board for public systems as well. It can have the ability, if so structured and supported with pre-requisite resources, to act as an umbrella under which a variety of other institutions, agencies, commissions and councils relating to postsecondary education may be placed for state coordination – public and private, pre-k -20. Such a body can consistently and objectively provide advice and counsel to the legislature and state administration as well as to the postsecondary education stakeholders, the public.

It is a strongly held belief that, for most states having many educational institutions, such as California, the shift away from the coordinating board would be and is a major policy error based on outmoded assumptions about organization and decision processes. Coordinating boards provide a vehicle through which both the public interests of the state and those of the educational community can be objectively and dispassionately considered and acted upon. Such a body operates in a kind of no-man's land between postsecondary education and the state government. Its effectiveness depends on maintaining the confidence of both. If the coordinating body is consistently dominated by, or is thought to be dominated by, the postsecondary education entities, it loses credibility in the state capitol. Conversely, if the board consistently acts, or is thought to act, merely as an arm of state government, the institutions lose their cooperative spirit. Even though a board may find it virtually impossible to maintain a perfect equilibrium between these two forces, balance should be the goal. In the long run, the balance also will be kept by the quality of the board's plans and studies based on essentially irrefutable evidence.

If the coordinating board is created with insufficient funds or power for its oversight and coordinating role the public interest will not be adequately protected; in creating a board with too much power, that the necessary autonomy and initiative of the institutions will be threatened.

R. CONCLUSIONS AND RECOMMENDATIONS

Complex societal, economic, political and environmental pressures are placing intense demands on postsecondary education to make smarter decisions, deliver results and demonstrate accountability.

An unprecedented "information explosion" both facilitates and complicates the ability of states and institutions to achieve and influence desirable outcomes. A tremendous opportunity exists to use the growing mountain of data to make better, fact-based decisions. Yet, the volume of data and its increasingly diverse and interactive nature can also paralyze organizations as they try to separate the noteworthy from the not-worthy.

Analytics goes beyond reporting and provides the mechanism to sort through this maelstrom of information and help states and their PSEs respond with informed decisions.

How are governments and public institutions applying analytics today, and how might they need to think about its future use? What are the implications for public sector organizations? How should agencies advance their analytics competency in today's complex environment?

Although notable attention has been paid to postsecondary education accountability as a general issue the quality of assessment and measurement in the accountability realm has not received nearly as much attention, especially from the perspective of professional responsibility. The individuals and entities involved in developing accountability frameworks and measures are often embedded within political and policy realms where final decisions are influenced by political agendas and expediencies that do

not accommodate complexity and nuance. Similarly, the rankings and ratings that appear in public media are motivated first and foremost by sales, which, in turn, depend on the perceptions of the consuming public regarding what comprises quality and what makes a compelling story. The rapid expansion of available instruments for assessing higher education programs and services, especially from for-profit providers, indicates further that assessment is being shaped as a commodity that can be bought and sold.

Addressing the complex challenges required to expand the benefits of postsecondary education to more individuals and more communities requires a careful balancing between pressures to demonstrate effective practices and the latitude and autonomy that promotes innovation and creativity. Ill-conceived and haphazard approaches have not proven effective in either the internal improvement or external accountability domains. Progress is more likely to be achieved through a constructive engagement that leverages the intrinsic motivations of professionals taking responsibility for their own work while acknowledging the valid interests among external stakeholders for cogent evidence of the value obtained for investment and support.

The nuances of these ‘accountability problems’ may seem to be relatively trivial matters in relation to the deeper and more intractable societal issues that institutions of postsecondary education are expected to address. However, these accountability demands underlie increasing expectations for demonstrable performance improvements according to the measures used to fund and advance institutional development. Institutions and postsecondary education systems that can successfully balance these competing societal pressures and demonstrate the value added to student and societal development have a greater chance of being recognized and supported within the state, nationally, as well as globally.

Accountability and evaluation are complex concepts that incorporate notions of the measurement of effectiveness, efficiency and of responsibility. These concepts are constantly evolving as colleges and universities adapt to their environments. The unique nature of the public colleges and universities poses special challenges in the identification of effective accountability and evaluation practices. Historically, postsecondary education has often produced inputs and outputs that are difficult to measure using traditional systems.

Due to the number of stakeholders involved, issues of accountability can become very complex. Only by holding itself to the highest standards of performance and by using the best accountability and evaluation systems available can public colleges and universities continue to meet the demands and expectations of the public and policymakers.

State Policy Makers Recommendations

Each state needs leaders who are not Pollyanna’s or who abdicate their role and responsibilities. States are working hard to ensure that every citizen is prepared for the knowledge economy. Achieving this goal requires unprecedented alignment of policies and practices across postsecondary education (as well as other education and workforce sectors). Policymaker leadership is critical to garner the political will and resources to address the barriers of turf, trust, technical issues, and time. Policymakers can take the following actions to effectively develop and lead and ensure that postsecondary education systems meet stakeholder needs:

- amidst economic hardship or other challenges, it stands to reason that the state requires vision and courage from its leaders, not dysfunction or unenlightened self interest;
- those vested with the responsibility to lead, to advance the condition of the state and its citizens, should be held accountable for their inability, unwillingness, or incompetence in fulfilling those responsibilities effectively and efficiently;
- it is necessary they be held accountable for being good stewards of taxpayer resources and historical commitments;
- where there are challenges they are to lead with solutions, not empty rhetoric;
- be clear about what states expect from colleges and universities;
- state policymakers must be held accountable for ensuring that sufficient and adequate resources are provided to enable postsecondary education can fulfill in a timely manner the social contract with its postsecondary education system; and
- state leaders must hold postsecondary education accountable for their progress in meeting those vital essentials and obligations .

With the above in mind, the following recommendations are offered for serious consideration and action:

1. State leaders should *renew their commitment to public postsecondary education.*

State governments long have supported postsecondary education due to the combination of personal, economic, and social benefits intertwined with the pursuit of education beyond high school. Moreover, American society long has viewed postsecondary education as a broad avenue for social mobility. By disinvesting in public postsecondary education, states have effectively narrowed the pathway into the middle class and have deprived the larger economy and society of the benefits

associated with postsecondary education. Irrespective of the budget challenges of recent years, every state is wealthier than was the case in 1990-1991. They should invest more of their wealth in postsecondary education despite, especially given the growth in student enrollments—growth that will not abate anytime soon.

2. States should view support for postsecondary education in light of the adequacy of their overall revenue systems.

State support for public postsecondary education has traditionally fallen during recessions only to rebound during recoveries. Unfortunately, the traditional pattern appears to have ceased in many states, at least since the 2001 recession. This is attributable in part to the outdated nature of too many state revenue systems and their inability to generate the revenues needed to support the full range of services demanded by citizens. While the provision of federal aid under the Recovery Act helped to mitigate that reality during the Great Recession, the expiration of federal aid, coupled with ongoing revenue shortfalls, will likely leave public postsecondary education vulnerable to future waves of funding reductions and tuition and fee increases. Absent comprehensive tax reform, many states will squeeze postsecondary education budgets further, shifting even more costs to cash-strapped students and families, and forego the economic and social benefits associated with a highly skilled workforce.

3. States need to focus on the entire population of postsecondary students and its characteristics.

In many statehouses, discussions of postsecondary education policy tend to revolve around issues related to research-intensive, four-year, flagship universities. Such institutions are important, yet they educate a small fraction of college students. Most students actually enroll in two-year colleges and non-doctoral universities. Similarly, public leaders must recognize the extent to which student bodies have changed, in terms of both actual numbers and demographic composition. A different student body requires different sorts of services and supports.

4. States must recognize the consequences of constant tuition increases.

Postsecondary education institutions have the ability to generate revenues from users in the form of tuition and fees to offset reductions in state subsidies. Yet the tuition solution is an imperfect one. Because state appropriations generally contribute a much larger share of public college and university revenue than tuition, any specific percentage reduction in state aid requires much larger percentage rises in tuition. Such increases price low- and moderate-income students out of postsecondary education, while also eroding state support and trust for postsecondary education. As a result, educational quality may erode, and some students forego postsecondary education entirely.

5. States should align investments in postsecondary education with the goal of completion.

The policy debates surrounding public postsecondary education over the last 20 years or more has focused narrowly on matters of subsidy levels and student prices. Missing from the debate has been serious consideration of institutional costs and institutional success. Though states have succeeded in enrolling more students in postsecondary education, enrollment is not a goal in itself; the real payoff to postsecondary education comes from completion, yet completion rates in many states remain low, particularly at two-year colleges. Rather than handing colleges and universities blank checks, states should organize their investments in undergraduate education around the goal of completion. This likely will require considering the cost side of the equation and better targeting available resources to the kinds of services that students need to earn the degrees and credentials essential for success in the labor market.

6. States should reorient their financial aid policies back toward need-based aid.

Although there is nothing inherently wrong with awarding some financial aid on the basis of merit, the current aid framework that exists in many states prioritizes merit aid to the near exclusion of need-based aid. This creates situations in which public resources intended to promote college access benefit the students most apt to afford postsecondary education without the assistance. Students of modest means who actually need the financial aid, in contrast, receive little help. This is especially true for students at two-year institutions since merit aid programs generally target students attending four-year universities.

7. States should think more systematically about how they incorporate borrowing into financial aid programs.

Postsecondary education is an investment with the potential to pay lifelong dividends, and consequently, a prudent use of debt can be an intelligent financing strategy on the part of students. In recent years, however, debt has become the default option for financing higher education, meaning students are graduating with debt loads that are proving especially difficult to manage, especially in light of the current poor job market. Those debt burdens can severely limit future options. States therefore should take efforts to regulate the use of debt and to steer students toward more affordable sources of debt like the federal student loan program. (Adapted from John Quintero, *The Great Cost Shift: How Higher Education Cuts Undermine the Future Middle Class*, Demos, March 2012.)

8. States must increase accountability and shared responsibility.

Once statewide goals are established for postsecondary education, including specific policy recommendations referred to in this paper, further steps can ensure these policies are carried out. Accountability policies can provide policy-makers with a platform and framework to help them assess the effectiveness of systems' and institutions' progress on the statewide goals.

Appropriate accountability policies will ensure that improving the state's postsecondary education enterprise is a shared responsibility of the state, its institutions and its students. And it will reinforce the important concept that the state – its governor and legislature – as well as its institutions of postsecondary education are all accountable for the role they each play in the advancement of the state's postsecondary education system – public and private.

Setting statewide goals will require postsecondary education and its stakeholders to help determine priorities, identifying numerical goals for each system or institution and plans to meet them. This shared responsibility means that:

- states must provide sufficient fiscal and policy support so that public postsecondary institutions can provide quality postsecondary education to their students;
- public colleges and universities must use their resources to offer quality higher education that is effective in helping more students complete career certificates and degrees. Moreover, institutions need to be more efficient in producing more degrees and certificates at less cost; and
- students must be responsible for pursuing the prescribed course work in a timely manner.

This "shared responsibility" approach establishes a foundation for accountability that will help ensure transparency in the stewardship of public resources and adequacy in the quality of higher education.

State Agenda and Policy Recommendations

Since reforms on postsecondary education – public and private - are basically regulated and influenced by the state government through a series of regulations and documentation, it is important and meaningful to offer the following recommendations:

- States should advance *and focus on a Public Agenda for postsecondary education* with specificity that reflects not only a vision but also goals and objectives to be realized through state funding resources. Absent such language, as well as a continuing decline in state financial support, neither the public good for its citizenry or clarity for its state system of postsecondary education will be implementable.
- A need exists for *a clear articulation of goals* that reflect each state's unique demographic and economic circumstances and its share of the effort for increasing educational attainment.
- States must *create and implement new budgeting and financing approaches* for postsecondary education.
- Each state needs to *develop and implement a set of metrics* consistent with established goals, publicly communicate at least annually on progress being made, and use the information to intervene with new or revised policies when progress falls below expectations.

Governing and/or Coordinating Body Recommendations

It is essential that weaknesses in public policy be identified as they relate to the state's system of postsecondary education, including public, independent, private, and occupational and vocational schools.

- *Develop Effective and Responsive Governing Boards.* A pertinent action requiring attention is in *placing greater emphasis on the roles and responsibilities of governing boards and their composition.* The need to continue working toward more effective governing boards is essential. Regulatory language designed to clearly define and, in some cases, redefining, the roles and responsibilities of the governing boards of the public systems of postsecondary education as a significant measure to help restore confidence in the state's postsecondary education system. The governing board(s) should have a responsibility to enhance value, assess and monitor risk, and ensure management accountability. In that respect, the operations of the boards should reflect a culture that embraces these responsibilities. Clearly, boards need to focus more on what the legislature and other users of financial information (the "demand side") want from system governance, assuming that it is clearly identified, articulated, and financially supported by the legislature and governor.
- *Identifying the Appropriate People to Serve on Boards.* The importance of independence, both in fact and appearance, is essential for the governing board(s) to be able to fulfill its responsibilities. Having the appropriate people on the board is just as important if not more so as having the right rules under which the board operates. *Mechanisms to nominate and select board members need to identify competent individuals who possess an "independent spirit" which allows board members to raise difficult questions and probe issues* related to management's decisions to ensure that the organization operates

honestly and effectively in the public's interest. Even if board members are independent, they can be ineffective if they lack expertise or knowledge relevant to the system or institution and its mission. Therefore, board members must also be willing to educate themselves about the organization and the risks it faces rather than relying on a checklist mentality of corporate governance requirements issued by self-serving entities.

Accountability Recommendations

State Accountability policy should:

- **Require transparent reporting** of spending practices and evidence that institutions are managing resources to support state and institutional completion goals.
- **Align funding** with college completion and productivity goals to reinforce institutional accountability.
- **Hold presidents, chancellors and state higher education governing boards responsible** for ensuring that degree completion is an institutional priority and that annual progress is made.

An accountability framework has three key purposes:

- To report to the public on the performance of the postsecondary education system relative to expectations – a Public Agenda;
- To provide a format for the state and postsecondary education to use to record institutional priorities and to report on performances relative to expectations; and
- To bring about change in the postsecondary education system or in activities of individual institutions as appropriate.

Thus, the framework recommended has three components:

- system accountability;
- institution accountability; and
- planning.

The challenge is to design a framework that meets four key requirements. The first is to take full advantage of institutional autonomy. This delegation leaves delivery of postsecondary education activities to those with the expertise and experience – namely colleges, universities, and other educational institutions. This would provide scope for experimentation and innovation in how education and research are delivered and provide diversity in student choices. The other requirements follow directly from the three purposes:

- to ensure that system-wide objectives are met;
- to support an appropriate degree of monitoring of colleges and universities, and
- to provide clear direction of how change, where required, is to be achieved.

There are nine **essential ingredients in any accountability system**. While there might be several other measures with other indicators, we believe from our review of several states that the core indicators should include the following:

1. Access through affordability;
2. Provide services to under-served populations – especially include working adults
3. Geographic access;
4. Program completion/student graduation;
5. Student goal attainment;
6. Graduate or leavers occupational goal achievement;
7. Progress of transfer students;
8. Occupational outcomes; and,
9. Employer satisfaction.

System Accountability

There are four steps in designing an accountability component for the postsecondary education system:

1. Define broad objectives for the postsecondary education system.

2. Choose appropriate indicators and targets.
3. Devise a process for evaluating performance against those targets.
4. Develop a procedure for reporting to the public in a clear and transparent fashion

Institutional Accountability

The institution accountability components of the proposed framework would be designed with two purposes in mind:

1. The first would be to determine if the institution is meeting its expected contribution to achieving system- wide goals and targets.
2. The second is to determine if it is meeting its individual goals and targets.

Mission- specific indicators would reflect institutional diversity and autonomy. Each institution works diligently to develop a strategic plan that is approved by its governing bodies. Their institutional goals should be recognized and targets agreed to, based on their stated intentions. Thus the number and type of indicators would vary, reflecting the diversity of the stated missions of the institutions.

Ideally, performance indicators would be measures of output or final outcomes because these are the variables of real interest, and are most easily understood by stakeholders and the general public. In some instances, however, it may be necessary to use input or process variables as proxy measures. If so, it is essential to understand their limitations.

Planning Component

Targets are set with individual institutions, and overall reporting on the achievement of those targets is not done on the system as a whole. Analysis of reports on performance against planned targets can and should become more sophisticated, with deeper analysis of results at the institutional level. Annual stakeholder consultations to determine sector- wide targets are both desirable and feasible. Conversations could be based on reporting by an oversight and coordinating body and others on system performance relative to expectations. The government could build upon this to collaboratively establish system- wide goals and targets.

Annual consultations with government and institutions should take place to determine how each institution will contribute to system- wide goals by setting institution- specific core targets that recognize the differentiated missions of institutions. Institutional consultations would also take place on institution- specific goals relative to objectives.

Differentiation of function of each sector, particularly in California, is also key to increasing access, widening participation, increasing relevance, and reducing government spending. Effective policies require change in the way postsecondary education is financed and governed, how institutions and services are managed, and how quality is assured. Policy options include: linking government financing to performance and strategic priorities; targeting government financing to meet specific social, economic, or other strategic objectives; giving institutions more management authority, responsibility, and capability to run postsecondary education effectively and efficiently; strengthening quality assurance, accreditation and performance monitoring.

Transparency Recommendations

The need for transparency relating to accountability needs to focus on “showing” the various stakeholders, particularly the policymakers, taxpayers, and citizens of the state all of the following in coherent, understandable, and direct ways. Each institution needs to demonstrate clearly and in a timely manner that:

- Those entering the state’s postsecondary education are able to fulfill their educational aspirations in a timely manner (time to degree, retention, completion);
- The educational disparity between rich and poor, urban and rural, is being closed in the state through the education, research, and services of its postsecondary education system;
- The financial resources being provided from public, private and federal means are being used wisely and effectively;
- The state’s postsecondary education “system” is indeed a consistent, functioning entity in the service of its people and not separate fiefdom’s perpetuating self-interests and self-aggrandizement;
- The promises made...regarding the admission of students, the affordability of the educational experiences, the availability of financial aid, the quality of the academic program, and the accessibility to a “college” or “university” education has been realized by the state’s postsecondary education system and if not, why not and what needs to be done to remedy the situation;
- The funds provided for the educational programs are not being squandered or redirected toward other activities or budget areas, including executive and managerial salaries;

- The athletic programs are integral to the overall mission and institutional oversight while ensuring that the concept of “student athlete” is clearly understood, articulated, and implemented;
- The concept of *access* is not the end all in and of itself but that it clearly is related and integral to the concept of *success* with the necessary support services available for students to succeed in a timely manner; and
- There is demonstrative evidence that not only are students learning but also that their faculty are held accountable for ensuring their success.

Public Trust Recommendations

To build and sustain trust at the most basic level, postsecondary education must develop and provide quality services and outcomes that are reasonably priced; provide steady opportunities in safe and healthy environments; engage communities in serving employees and “customers”; and provide stakeholders with a reasonable assurance of their quality and achievement in fulfilling their mission efficiently and effectively.

Beyond these fundamentals, there are concrete actions that PSE leaders can take with respect to building mutuality, balancing power, and creating trust safeguards:

- Create a set of values that define and clarify what the PSE and its people are at root, and work to ensure that these values are adhered to consistently across the totality of the PSE spectrum.
- Build and manage strong relationships based on mutual trust with mediating institutions.
- Embrace transparency.
- Work within the PSE sector to build trust in the sector.
- Re-invest in the trustworthiness of the PSE by making a commitment to enhance the core contribution that the organization and sector makes to society.
- Develop and implement an ongoing effort to engage other PSEs in developing and implementing a long-term strategy for building and sustaining public trust in PSEs.
- Conduct a series of research studies to develop a deeper understanding of the dynamics that impact public trust, with the aim of enabling executives to develop strategies for building and sustaining key trust relationships.
- Promote a dialogue between thought leaders in the areas of trust and PSE and government and the public to advance game-changing solutions with regard to practice and the public policy process.
- Assemble leading academics in the area of trust to begin to fill the sizable knowledge gap in understanding of the dynamics of public trust and deliver actionable knowledge to practitioners.
- Devote increased attention to the issue of public trust in PSE ongoing work.

Specific California Recommendations

An accountability process is essential to ensuring that the public receives a strong return on its investment in postsecondary education. The commitment of California’s public colleges and universities to a process is paramount to continue the public’s trust as well as the willingness of the public demonstrated by the high quality of the reports they have submitted and the diligence and effort with which these reports were prepared.

Public Agenda

The State should set clear goals for what it wants to achieve with respect to postsecondary education. The goals – a Public Agenda - can be broad, such as reaffirming the Master Plan’s goals of open access, but must be specific. For example, if the state reaffirms the goal of open access, it should define what this means in practice with respect to student fees and financial support.

The State, to maintain its commitment to quality education, necessitates the development and implementation of a financial foundation for its public colleges and universities. This will require a variety of reforms and a willingness to embrace change.

The State needs to adopt a new financial formula for the public postsecondary education segments that better combines state budget support with increased budgetary flexibility for the colleges and universities.

Additional public investment must be a part of any strategy to significantly increase the proportion of Californians who enroll in and complete college programs.

Along with budgetary flexibility with a concomitant of new State revenue sources in support of postsecondary education, concrete steps need to be taken to strengthen accountability and performance by the State's public postsecondary education system.

California's future economic vitality will not only depend on expanding access to high quality postsecondary education programs and services but also for success in matriculating students to enter the workforce, and contribute to the social and cultural fabric of the State. Both in the short term as well as the long term, California needs to renew and reshape its commitment and social contract to postsecondary education and make certain the next generation is equipped to compete for the best jobs available as well as the quality of life that heretofore was one of the most important hallmarks of "The Golden State."

Over 70 percent of college students nationally are served by public colleges and universities. Without new approaches to the financing of the public colleges and universities, they will fail in their principal purpose of providing broad college opportunity and successful outcomes. Furthermore, without a different funding approach, specifically from the state's that heretofore have first "invested" in its postsecondary education system, then "supported" the colleges and universities, and now are in many instances, "assisting" their institutions and in some instances "disinvesting" in them, an emerging population of new generations of students will no longer be able to advance in the society that so desperately needs their successful engagement in the larger society. Moreover, absent new funding approaches that have transparency and predictability for all stakeholders, postsecondary education will lose the public trust, a critical element in sustaining the nation's democratic experience through education.

At the State level, rhetoric and policy action have been considerably subdued, with most attention focused on mitigating the effects of state funding cuts to its public postsecondary education institutions.

The State must identify how it will fund its goals. Goals must be advanced with funding mechanisms identified, whether it be a percentage of the designated funds from oil exploration and results, or other means. The funding should be aligned with the state's stated goals so that postsecondary education is not only rewarded for meeting benchmarks associated with the goals but incentives are also provided to raise the bar. Essentially, the state must make clear its commitment to play a specific role in providing the necessary financial resources to accomplish the goals.

The State needs to increase greater operational independence and budgetary flexibility for its postsecondary education system consistent with its mission so that they can adapt and thrive in an ever-changing innovative economy. Increased micromanagement and over-regulation threatens the ability of the state's public postsecondary education systems to promote economic development and successfully adapt to changing educational and fiscal circumstances.

Create a coherent mechanism through which the State of California will provide a more accountable system for student learning and student development while providing additional information to students, parents, policymakers, and other stakeholders ...

The purpose of California's accountability system could be defined as follows:

Postsecondary education accountability in California should provide students, legislators and policymakers, education and business leaders, and other interested stakeholders with accurate, consistent, and current information and metrics on systemwide progress toward the goals in postsecondary education as identified in the state's Public Agenda of goals and objectives for its public and private institutions who receive state or local funds, including details that support policy development and return on investment.

In support of this recommendation, a two-level approach to accountability is considered appropriate. First and foremost, postsecondary education should be assessed at a state level, creating a benchmark to which the state aspires as expressed through its strategic plan and Public Agenda. Such an assessment will be dependent on a second form of accountability at the institutional and segmental performance. Envisioned is recognition that the state, through its financial support past and present, has an interest in a return on its investment as well as the overall performance of its institutions concurrent with its state goals. Furthermore, each sector and its component parts will have additional goals and objectives that complement its mission beyond the state's investment level that complement the state's Public Agenda.

Among its roles and responsibilities of the state's impartial and objective oversight and coordinating body, by whatever name it may have, the primary task will be translating and aligning college and university and segmental performance more closely with the state goals. This will require aligning segmental/institutional priorities and state goals and then accurately and consistently informing all stakeholders on statewide progress toward those goals in ways that provide a basis for making new policy decisions or measuring current ones.

California's private, independent, and for-profit institutions play a vital role in providing access to postsecondary education for Californians and should be included in the state's accountability system. Most, if not all, participate in publicly funded financial aid programs, and it is important for the public to understand the return on that investment.

Many state-level accountability systems have been designed around institutions as the sole unit of analysis. This approach yields valuable information about how institutions are performing vis-à-vis their missions, but it does not adequately address the question of whether the institutions collectively are meeting the priority needs of the state and its citizens. California's approach to postsecondary education accountability should build on the systems already in place within each of the public systems of higher education in the State. It should add a series of statewide indicators, measuring California performance against other states and countries in areas identified as being crucial to the future well-being of the State. This approach that recognizes both institutional and State perspectives is designed to sustain attention of both institutional leaders and state policymakers to the critical needs of the State.

Data

Create a statewide data system to help inform policy and budgetary decisions that will close achievement gaps. The data base should be consumer friendly with useful, reliable information on institutions, coupled with a search engine to enable students, parents, policymakers and others to weigh and rank comparative institutional performance.

A comprehensive student data system covering students in kindergarten through graduate study would be a substantial goal for the State. A State Education and Training Data Warehouse to integrate data from the State's k-12 school districts, the State's postsecondary education - public and private - institutions, which includes data on students, teachers and faculty, an institutions and their physical facilities would be a good starting point. In addition, the Data Warehouse could gather data for a variety of organizations in addition to the State's education agencies, including the National Student Clearinghouse, Workforce entities, professional licensing boards, and corrections and social agencies. The Data Warehouse could also enter into agreements that allow the workforce development agencies to match education records to employment records without violating federal laws on maintaining students' privacy.

Without a high quality state-level system for collecting, analyzing, and using data to spur improved institutional performance, policymakers are handicapped. State data systems should be able to follow the progress of any student and link essential student demographic and prior educational information to a student's performance. This is a prerequisite for a state accountability system capable of driving improved student outcomes.

Improving the performance of postsecondary education institutions has increasingly taken center stage in state economic recovery plans. As expressed by the National Governor's Association Center for Best Practices, *"nationwide, governors, state higher education officers, foundations, industry leaders, and education advocacy groups are partnering with President Barack Obama and the U.S. Department of Education to ensure the economy has the highest percentage of college-educated workers in the world."* (President Barack Obama, "Remarks by the President on the American Graduation Initiative," http://www.whitehouse.gov/the_press_office/Remarks-by-the-President-on-the-American-Graduation-Initiative-in-Warren-MI/.)

Achieving this goal along with other state/institutional/federal goals will require easily accessible postsecondary education data systems with well-defined performance measures. With over 4300 degree-granting postsecondary education institutions in the United States - including private, public, two-year, and four-year institutions - reliably measuring postsecondary performance is no easy task. While some progress has been made, uneven data quality and inconsistent and imprecise performance measures have stalled the improvement of postsecondary education. Stakeholders need reliable measures to measure the progress of postsecondary education performance over time, allocate funds appropriately, encourage successful practices, and continue to be a significant engine of economic vitality and development.

S. EPILOGUE

Billions of state and federal dollars are invested in postsecondary education annually, and as such, there should be a means to measure and report on the results of these investments. The commitment of colleges and universities is crucial if accountability is to be used as an improvement tool. If the institutions do not view the measures as relevant or constructive, it will be hard to use them as motivators. The preceding text and recommendations relating to accountability systems in postsecondary education provides not only some important discussion points but perhaps more importantly a series of recommendations for states and their stakeholders to contemplate and adapt or adopt as their circumstances are considered.

Discussions regarding accountability in postsecondary education have been ongoing at the institutional, state and federal levels for several years. The historical movement behind higher education accountability began in the 1980s with voluntary, internal and institutionally developed performance reviews. The 1990s brought an increased concern for productivity and efficiency coupled with a heightened interest in economic development, leading to the emergence of mandatory, statewide institutional reporting in some states. A few postsecondary institutions saw the forthcoming trend and launched early stages of performance assessment.

In 2004, the State Higher Education Executive Officers (SHEEO) convened a National Commission on Accountability in Postsecondary Education, which was co-chaired by former Oklahoma Governor Frank Keating and former U.S. Secretary of Education Richard Riley. Their report concluded that better accountability is a national imperative for higher education and issued a series of recommendations to improve student preparation, public investment in educational priorities, teaching and research, cost effectiveness, and the availability of key data.

In the 2006 Commission on the Future of Higher Education, also known as the Spellings Commission, the Commission focused on four key areas: access, affordability (particularly for non-traditional students), the standards of quality in instruction, and the accountability of institutions of higher learning to their constituencies (students, families, taxpayers, and other investors in higher education).

While a little has been done, more attention is needed sooner rather than later. So where do we go from here?

The answer to this question depends...

It depends on people.

It depends on leadership.

It depends on professional educators.

It depends on a lot of people and things...but mostly people.

The immensity of the undertaking is no cause to shudder. Yet, there is reason to shudder when one considers the consequences of leaving things undone.