

Findings
and Recommendations

Higher Education
Governance Structure

Committee Approved
on
December 16, 2010

Legislative Program Review
& Investigations Committee

Committee Staff on Project
Scott Simoneau, Principal Analyst
Janelle Stevens, Associate Legislative Analyst

Legislative Program Review and Investigations Committee
Connecticut General Assembly
State Capitol Room 506
Hartford, CT 06106

Tele: (860) 240-0300

E-Mail: pri@cga.ct.gov

Web: www.cga.ct.gov/pri/index.asp

Higher Education Governance Structure

Connecticut's future depends on the knowledge and skills of its citizens. Higher education is widely recognized as a benefit to the individual and to society at large. It provides economic opportunity for people as well as the large supply of skilled workers needed to secure general prosperity. The state has an important interest in assuring that its higher education system is performing in a manner that raises educational attainment and addresses fundamental public priorities.

In October 2010, the Legislative Program Review and Investigations Committee voted to undertake a study of Connecticut's higher education governance structure and review certain administrative functions of the Connecticut State University System. This report focuses on the describing the state's current and historical governance structure for higher education, comparing other types of governance models to Connecticut, examining best practices, and providing findings and recommendations. It should also be noted that the committee collaborated with the Office of Legislative Research in developing the legislative history of higher education governance.

Higher education governance is concerned with the oversight and management of public colleges and universities. Given the brief time frame, the committee did not complete a full performance audit of the Department of Higher Education or of the higher education system. Consequently, the findings and recommendations are limited in number and scope. The committee did rely on a variety of methods to form its conclusions about the state's system of governance, including:

- interviewing all public higher education constituent unit board chairs and leaders, including the Board of Governors for Higher Education and the Department of Higher Education, regarding system strengths and weaknesses;
- reviewing the legislative history of the higher education statutes;
- considering various state government reform commission recommendations;
- reviewing extensive national literature on higher education organization, governance structure, history, philosophy, and practices; and
- consulting with national experts on trends and best practices in higher education governance.

Based on this research, the program review committee the committee questions whether Connecticut's current structure and policies effectively provide the state policy leadership and accountability mechanisms necessary to meet the state's needs. The committee offers recommendations that will assist in developing a public agenda for higher education that includes an assessment of state needs, clear priorities, and strategies for system improvement.

Organization. This document includes three sections and six appendices. The first section provides a description of the historical and current organization of the state's higher education governance structure. The second section gives an overview of higher education governance types and best practices. Finally, the last section presents findings and recommendations.

Governance in Connecticut: Autonomy vs. Centralization and Coordination¹

Connecticut public postsecondary institutions are governed by boards of trustees, while state policies and coordination are the responsibility of the Board of Governors of Higher Education. The state, like many others, has struggled to find the balance between giving the trustees the autonomy they want, and exercising authority to yield the performance desired by elected officials.

Several studies – dating back to 1971 – called for an end to the state’s “educational fiefdoms” through centralization or consolidation. More recent studies, however, recommended giving the constituent units greater control over day-to-day matters. Consequently, steps have been taken encourage coordination and cooperation, while the units overall have enjoyed increasing levels of autonomy.

1965-1982: Coordinating Commission Accumulates Authority, and Reorganization Considered

The first attempt to govern and coordinate Connecticut’s public higher education institutions was made in 1965. A state coordinating body, the Commission on Higher Education (CHE), was established by law. The same package transformed the community and technical colleges from municipal to state entities, with two separate boards. The University of Connecticut retained its board of trustees, and the state colleges – which later formed the Connecticut State University System – gained their own board. The state colleges previously were overseen by the State Board of Education, due to their focus on training teachers.

Dissatisfaction with the Commission’s low level of authority over the constituent units led to the second major proposal, just six years later. The Etherington Commission recommended that a single board of regents govern all public higher education institutions. The Commission’s report stated that CHE’s actions were based on and limited by its “ability to correct, analyze, and convince rather than direct the operating units within the higher education system.”

The proposal lingered, appearing in two ways during 1976: legislation to create a single-board “University of the State of Connecticut,” and in the Filer Commission’s recommendation to create a single governing board but not one state university system. None of these three proposals were adopted. Table I-1 below lists the major reorganization recommendations, from 1971 to the present.

¹ Note: This section was composed in collaboration with staff from the Office of Legislative Research. Additionally, the governance descriptions draw heavily from the 2009 PRI report *Alignment of Postsecondary Education and Employment*.

Table I-1. Major Governance and Management Recommendations, 1971-Present			
<i>Brief Description</i>	<i>Year(s)</i>	<i>Source(s)</i>	<i>Result</i>
Single governing board	1971, 1976	Etherington Commission, Filer Commission	Failed
Establish new Board for State Academic Awards	1973	Legislation	Passed
Merge board of trustees for community and technical colleges	1976, 1989	Filer Commission, Legislation	Passed (1989)
Merge the technical and community colleges	1976, 1992	Filer Commission, Legislation	Passed (1992)
Create BHE with strengthened budget authority	1977	Program review committee, Legislation	Passed
Two governing boards: four-year and two-year	1979	Coordinating board	Failed
One university system	1976	Legislation	Failed
Create Board of Governors and increased policy, budget, oversight authority, staff capacity through DHE creation	1982	Governor's Commission on Higher Education and the Economy, Legislation	Passed (effective 1983)
Transfer BGHE budget, capital, and tuition authority to constituent units. Block grant state appropriation.	1991	Thomas Commission, Legislation	Passed
Two systems: one university, and one state university + community college	1992	Harper-Hull Commission	Failed
Merge state university and community college systems	1995	Legislation	Failed
Transfer higher education to education department or eliminate the DHE and BGHE	1991, 1995, 1996, and 2009	Legislation, Governor's budget proposals	Failed
Source: Cited reports and various legislation			

That same dissatisfaction led the program review committee in 1977 to authorize a study with the goal of strengthening the Commission of Higher Education's budget authority. The study ultimately recommended the commission be replaced with a reconstituted board, which would have greater power in the areas of budget preparation and planning. The proposal was enacted that year in P.A. 77-573, as the Board of Higher Education (BHE) was created as the commission's successor. The study also gave several options for reorganizing the units –

including the creation of a single state university – but no recommendations were made in that area, and none of the options advanced.

Coordination problems persisted. The two-year-old BHE recommended, in 1979, creating a segmented system – one trustee board for two-year institutions, and another for four-year institutions – along with an increase in its power. Three years later, the Governor’s Commission on Higher Education and the Economy found that BHE had “broad statutory authority to formulate policy but few powers of implementation,” and had made “little headway in solving the problems that led to its formation.” The legislature responded by passing Public Act 82-218. The new law renamed BHE as the Board of Governors (with “of Higher Education” added later, in 1984), halved the body’s size to 11 members, and eliminated its constituent unit representation but created an advisory board which retained that representation. It also expanded the board’s powers by giving it authority over:

- policy in specific areas;
- rescission apportionment;
- institutional mergers, closures, effectiveness, and viability;
- academic program closures or mergers; and
- constituent units’ mission statements and capital expenditure requests.

The act also created the Department of Higher Education to be the Board of Governors’ staff. Finally, the act designated the four state colleges as the Connecticut State University.

1991-Present: Authority Shifts to the Constituent Units; Major Reorganization Considered but Still Not Implemented

Few major governance changes were made until the early 1990s, when substantial changes began to shift power from the coordinating board to the constituent units.² The Thomas Commission addressed higher education, as one of many areas studied by its consultant staff. The consultants recommended moving from line-item appropriations, with aggregate position limits on each unit, to block grants given to the constituent units, to improve cost-effectiveness. This change was enacted.

Several other recommended reforms, with the collective impact of transferring budget and fiscal authority from the BGHE to the constituent units, also became law through the passage of three public acts.³ The BGHE was stripped of its approval authority regarding the constituent units’ budget requests, capital projects, expenditure plans, tuition and fees changes, and leasing. In addition, the boards of trustees were specifically given the power to establish and fill positions. No changes in constituent unit or governance structure were recommended, per the Commission’s instructions.

² Two acts made changes to the community and technical colleges, merging some colleges, consolidating the system, and creating one board of trustees (P.A. 89-260 and P.A. 92-126).

³ P.A.s 91-174, 91-230, and 91-256

The Harper-Hull Commission, however, issued recommendations one year later, in 1992, to reorganize the constituent units, but the proposal did not advance. The Commission proposed creating: 1) the University of Connecticut System, excluding UConn's two-year regional campuses; and 2) the Connecticut State University (CSU) and College System, consisting of the CSUs, Board for State Academic Awards, and five regional college campuses established through consolidation of the community colleges, technical colleges, and UConn's two-year regional campuses. This commission was the state's last major effort to re-examine higher education governance. It should be noted, however, that much later, in 2004, the bipartisan Operation Accountability, Creativity, and Efficiency (ACE) Task Force recommended a study of reorganizing higher education to see if cost savings could be found, but that evaluation was never conducted.⁴

The year of 1992 did see two significant reforms. First, the state technical and community colleges merged into a single system.⁵ Second, the legislature took a major step – since ended – that was intended to identify and constrain administrative growth at the constituent units. A special act section within P.A. 92-126 established specific budget percentage limits on administrative expenditures for each unit. The limits were adjusted, generally downward, with each budget act – except an omission in Fiscal Years (FYs) 02-03 – and yielded reporting from the units. Starting in FYs 06-07, the limits and reporting were no longer required.

The legislature has tried to tackle administrative costs in other ways through the years. For example, P.A. 99-285 required the Higher Education Coordinating Council to study how to reduce administration in the whole higher education system, which was never done.

Recent, small-scale changes starting in the mid-1990s have given additional authority to the constituent units in the areas of: 1) construction authority for the UConn 2000 and, to a much lesser extent, CSUS 2020 initiatives;⁶ and 2) tuition and fee increases.⁷ Other proposals, which failed, were made to, separately, combine CSUS and the community colleges, and merge DHE functions into the State Department of Education while abolishing the Board of Governors.

State financial support – through ways other than the block grants to the constituent units – also expanded starting in the mid-1990s. Public acts mandated state matches for donations to the units' endowment funds, as well as state contributions for large capital investment initiatives at UConn and CSUS.⁸ Meanwhile, the units' percentage of education-related expenditures shouldered by the state's block grant and fringe benefit support, gradually declined.

⁴ The ACE Task Force's mission was to "bring [state] spending under control and make state government more cost-effective. Its final report, issued in January 2004, included the recommendation on higher education described above. The task force found that reorganization in other states "has reaped mixed results, both financially and programmatically."

⁵ P.A. 92-126

⁶ P.A. 95-230 and June Sp. Sess. P.A. 07-7

⁷ P.A.s 95-230 and 96-244

⁸ P.A.s 97-293, 95-230, and June Sp. Sess. P.A. 07-7

At the same time as the constituent units have received increasing autonomy and state support, various efforts have been made to strengthen the Board of Governors' authority to accomplish its statewide policy function. For example, one law directed the Board to publish particular constituent unit accountability measures, and specifically gave it power to request and receive information necessary to achieve that end and its other duties.⁹ Subsequent laws further detailed the legislature and governor's expectations regarding the accountability measures.¹⁰

Current Governance Structure: Statewide Coordinating Board and Four Trustee Boards

Figure I-1 outlines the basic organizational structure of Connecticut's public higher education system, which includes the Board of Governors for Higher Education (BGHE) and the four constituent units. The 11-member BGHE is Connecticut's coordinating body. The board makes policy for the state's public institutions and, under statute, is supposed to develop a higher education master plan.

In addition, the board of governors is charged with coordination among the 18 public institutions and 29 independent private colleges and universities. It also must approve all new academic programs (i.e., major or minor) proposed by any institution. The board of governors has only review and comment authority on the budget proposals submitted by the public institutions. Appendix A provides more detail on the board's composition and responsibilities.

The board's professional staff is the Department of Higher Education (DHE) personnel who perform various administrative functions. In FY2010, the DHE had 51.3 full-time equivalent employees. Its total budget was about \$77.2 million, divided among student financial aid (83.2 percent), pass-through grants (1.6 percent), and operational expenditures (15.1 percent).¹¹ The DHE commissioner is selected by the board of governors. There are also five statutory boards or commissions that are associated with the BGHE. As noted in a 2009 program review report, three of these boards are no longer or have never been active.¹²

Each of the four public constituent units has its own board of trustees, charged with institutional governance:

- Board of Trustees of the University of Connecticut: oversees the state's research university with five branch campuses and a health center, which provide an array of undergraduate, graduate and professional degrees;
- Board of Trustees of the Connecticut State University System: responsible for the four state comprehensive universities, which offer bachelor degree programs and selected graduate degrees;

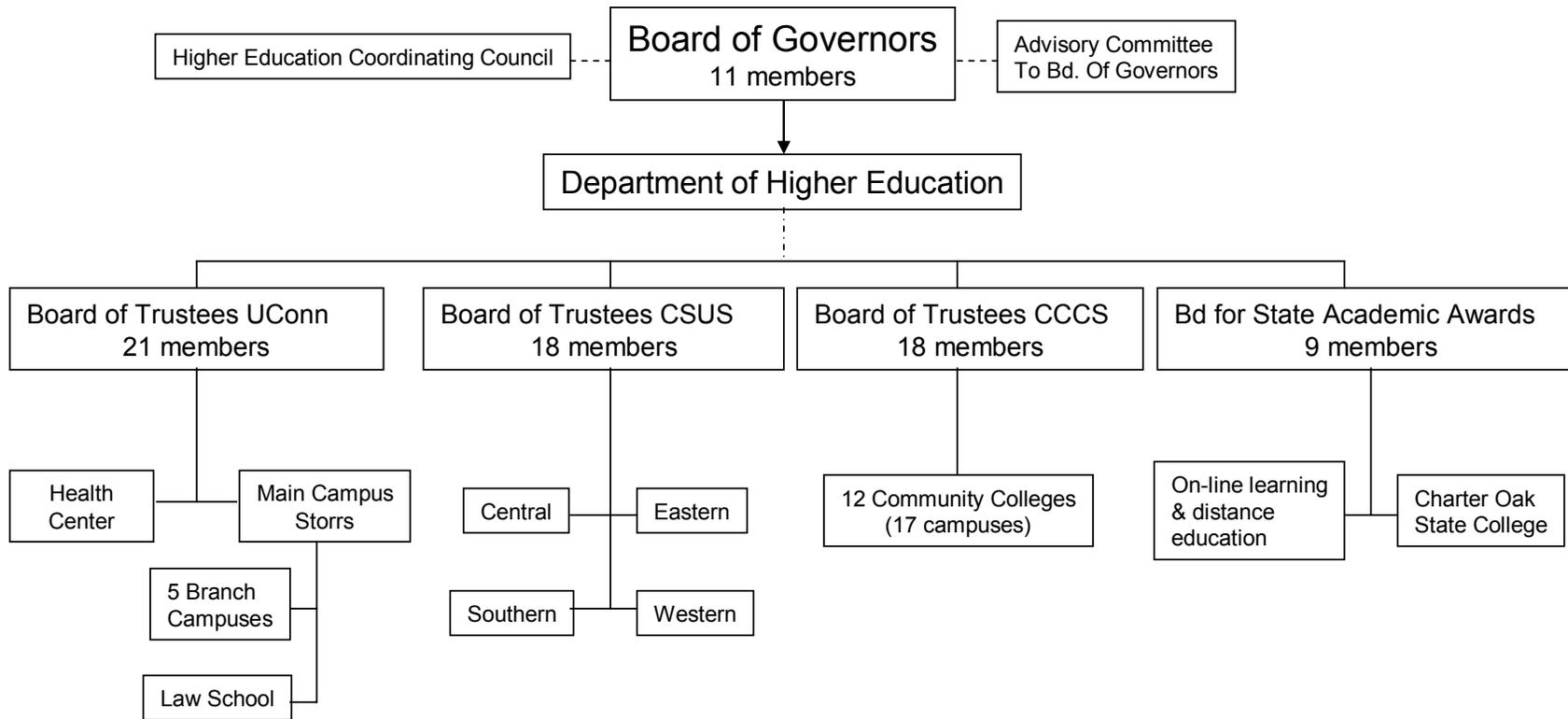
⁹ P.A. 99-285

¹⁰ P.A.s 00-220 and 01-173

¹¹ DHE written communication in response to program review committee staff request (November 2010).

¹² The five boards/commissions are: Standing Advisory Committee, Higher Education Coordinating Council, Task Force to Develop Higher Education Management Information and Student Information System, Blue Ribbon Task Force, Technical Education Coordinating Council, Advisory Council on Student Transfer and Articulation.

Figure I-1. Connecticut's Public Higher Education System Structure



Source: DHE and PRI

- Board of Trustees of the Community-Technical Colleges: oversees a system of 12 two-year colleges (known as the Connecticut Community College System), which offer training programs, certificates, and associate degrees; and
- Board for State Academic Awards: responsible for Charter Oak State College and online learning, which provides an alternative method for adults seeking a certificate or a degree at the associate or bachelor level.

The trustee boards are responsible for establishing and administering academic, financial, personnel, and administrative policies. In addition, the boards make budget decisions and, subject to BGHE approval, develop mission statements for their colleges. Appendix B describes the trustee boards' membership composition.

Overview of Connecticut Public Higher Education Expenditures and Enrollment

In FY 2010, Connecticut's public higher education institutions spent nearly \$2.27 billion to educate 123,211 students.¹³ Table I-2 shows the combined education-related expenditures (i.e., excluding auxiliary services, such as housing and food service, that are often self-supporting), called E&G expenditures, of the three major constituent units. It also conveys state support (including fringe benefits) – at about 49 percent of education-related costs, overall¹⁴ – and annualized full-time equivalent enrollment, which adjusts for part-time students.

Table I-2. State Support, Including Fringe Benefits, and Education-Related (E&G) Expenditures of Major Public Higher Education Institutions, FY2010			
<i>Institution</i>	<i>State Support (as % of total E&G expenditures)</i>	<i>Total E&G Expenditures</i>	<i>FTE Students</i>
University of Connecticut* (excluding Health Center)	\$327,927,969 (49.3%)	\$665,699,544	25,055
Connecticut State University System	\$243,141,978 (47.2%)	\$514,654,140	28,473
Connecticut Community College System	\$248,829,159 (50.8%)	\$489,887,455	28,273
<i>All Major Constituent Units**</i>	<i>\$819,899,106</i> <i>(49.1%)</i>	<i>\$1,670,241,139</i>	<i>81,801</i>
Source of data: DHE. PRI calculations. *Estimate. **Comparable data were unavailable for Charter Oak State College.			

¹³ This figure includes expenditures of Charter Oak State College and the Connecticut Distance Learning Consortium. The number of students is actual number enrolled, either part-time or full-time, not the number of full time equivalent.

¹⁴ In addition to state support, the constituent units receive funding from tuition and fees (including student financial aid, some of which is distributed by the state), federal government and foundation grants, and other sources.

Other ways to calculate state support. Sometimes when state support is discussed by the constituent units, the state's payment of employee *fringe benefits is excluded*, and *total expenditures* – including auxiliary and all employee fringe benefit expenditures – are used.

Table I-3. State Support, Excluding Fringe Benefits, and Total Expenditures of Public Higher Education Institutions, FY2010*			
<i>Institution</i>	<i>State Support (as % of total expenditures)</i>	<i>Total Expenditures (including auxiliary)</i>	<i>Headcount Students (in fall 2010)</i>
University of Connecticut** (excluding Health Center)	\$231,832,417 (23.3%)	\$995,197,768	29,001
UConn Health Center (academic expend. only)	\$37,187,132 (27.1%)	\$137,428,882	516
Connecticut State University System	\$162,517,232 (25.4%)	\$641,009,694	36,503
Connecticut Community College System	\$158,523,261 (32.9%)	\$482,392,289	55,112
Charter Oak State College	\$2,165,086 (23.2%)	\$9,326,242	2,079
<i>All Constituent Units</i>	<i>\$592,225,128 (26.1%)</i>	<i>\$2,267,758,203</i>	<i>123,211</i>

Source of data: DHE. PRI calculations.

Lessening the amount of state support and increasing the expenditures, results in a substantially reduced share of state support – just over 26 percent across the units. These figures are shown in Table I-3. The table also differs from Table I-2 in that it shows the headcount enrollment in fall 2010.

At other times, state support *excludes fringe benefits* and is calculated as *a percentage of education-related expenditures*. This method yields a third set of state support percentages, shown in Table I-4. These percentages are between the first and second sets, except for the community college system. The overall portion of state support here is approximately one-third.

Table I-4. State Support, Excluding Fringe Benefits, as Percentage of Education-Related Expenditures, of Major Public Higher Education Institutions, FY2010	
University of Connecticut* (excluding Health Center)	34.8%
Connecticut State University System	31.6%
Connecticut Community College System	32.4%
<i>All Major Constituent Units</i>	<i>33.1%</i>

Source of data: DHE. PRI calculations.
*Estimate.

Further confusing the issue, sometimes the constituent units exclude equipment bond funds from education-related expenditures. That is contrary to the definition of education-related expenditures used by the National Association of College and University Business Officers, so those numbers are not presented here.

Governance History, Classifications, and Effectiveness

Higher education governance refers to how states assign responsibility for overseeing and managing public colleges and universities. All states except Michigan have one or more boards that perform this responsibility; some have statewide authority, others do not. This section describes the:

- key historical nationwide trends in higher education governance;
- various types of governance structures;
- strengths and weakness of the two most prevalent types of governance structures;
- elements of effective governance boards; and
- lessons learned from five states that have been successful in articulating and achieving critical system goals.

U.S. Historical Perspective

Trends in statewide higher education coordination and governance have shifted periodically. At some points, states have attempted to control higher education programs and processes – especially at public institutions – while at others, postsecondary institutions have enjoyed nearly carte blanche. Throughout U.S. history, however, there has been a tradition of higher education autonomy, with institutions free to determine coursework, make most hiring decisions, and control other many other operational aspects. This tradition frequently has led to tension between the institutions and the state that funds them – where not directly, through student financial aid.

The rise of statewide coordination and governance began in the 1950s and continued through the next decade. An impetus was a 1952 report by the Council of State Governments, *Higher Education in the Forty-Eight States*, which asserted state-level planning is necessary to counteract institutional governing boards' self-interested actions.¹⁵ The concern grew with the proliferation of higher education opportunities and enrollment jumps, caused by the G.I. bill and, starting in the 1960s, the Baby Boom. Through this period, federal and state investment in higher education increased – partly in response to the growth in opportunity and enrollment, but also in an effort to beat the Soviets at science-related feats. Most states consequently formed governing or coordinating boards, as suggested by the Council, in an attempt to ensure these investments were yielding an efficient and coordinated system of higher education.¹⁶

¹⁵ “The Higher Education Coordinating Board and Higher Education Governance in Washington,” William Chance, Northwest Education Research Center prepared for The Washington State Institute for Public Policy, December 2002. Accessed August 25, 2010 at: <http://www.nored.us/HECBBReport1603.pdf>

¹⁶ “The Enactment of Reforms in State Governance of Higher Education: Testing the Political Instability Hypothesis,” Michael K. McLendon, Russ Deaton, and James C. Hearn, *Journal of Higher Education*, Nov. 1, 2007.

Economic turbulence in the 1970s led to declining higher education enrollment and a state government focus on cost savings. Consequently, the state postsecondary boards and agencies became increasingly regulatory, but their structure was unchanged.¹⁷

In the mid-1980s, a gradual, prolonged wave of reforms to the boards and agencies began. The reforms have varied tremendously – system mergers and separations, more powerful higher education boards, and creation of K-20 government organizations¹⁸ – but share the common goal of improving the quality of higher education. Most reforms emphasize accountability and efficiency,¹⁹ two aims that are being widely pursued in several policy areas and in the operation of state government. Some states have attempted to measure performance progress through examination of data. In addition, deregulation and decentralization were an important influence on state reforms in higher education and other policy areas. Some leaders in states that originally deregulated and decentralized higher education have become frustrated and attempted to re-regulate.²⁰

Diverse reforms continue to be considered and implemented, in response to contemporary trends. Higher education is generally perceived as critical to attaining middle class status²¹ but in many places is receiving less state funding, even as enrollment grows.²² The debate over the appropriate level of state funding – especially during the fiscal difficulties of the last few years – reflects a deeper question: Is higher education a public good, with substantial benefits to the community and society, or a private benefit, with mainly the individual gaining from it – or both? If higher education is a public good, in whole or part, perhaps it is worthy of state subsidization and, with that state support, a proper subject of oversight. The public versus private benefit conversation also could inform the government’s response to the rise of market pressures in higher education, as private for-profit institutions spring up and considerable funding is obtained through portable student loans.²³

Meanwhile, state policy leaders nationwide are focused on examining how well higher education is meeting the state’s economic and quality of life needs,²⁴ as concerns grow about its

¹⁷ “Chapter One: The Many Faces of Accountability,” in *Achieving Accountability in Higher Education: Balancing Public Academic and Market Demands*, Joseph C. Burke, ed., Jossey-Bass: San Francisco, 2005.

¹⁸ “The Higher Education Coordinating Board and Higher Education Governance in Washington,” William Chance, Northwest Education Research Center prepared for The Washington State Institute for Public Policy, December 2002. Accessed August 25, 2010 at: <http://www.nored.us/HECBReport1603.pdf>

¹⁹ “The Enactment of Reforms in State Governance of Higher Education: Testing the Political Instability Hypothesis,” Michael K. McLendon, Russ Deaton, and James C. Hearn, *Journal of Higher Education*, Nov. 1, 2007.

²⁰ PRI staff telephone interview of Aims McGuinness, Senior Associate, National Center for Higher Education Management Systems, on September 24, 2010.

²¹ “Higher Education Governance: Balancing Institutional and Market Influences,” Richard C. Richardson, Jr., Kathy Reeves Bracco, Patrick M. Callan, and Joni E. Finney, The National Center for Public Policy and Higher Education, November 1998. Accessed August 25, 2010 at:

<http://www.highereducation.org/reports/governance.pdf>

²² “The Enactment of Reforms in State Governance of Higher Education: Testing the Political Instability Hypothesis,” Michael K. McLendon, Russ Deaton, and James C. Hearn, *Journal of Higher Education*, Nov. 1, 2007.

²³ “Chapter One: The Many Faces of Accountability,” in *Achieving Accountability in Higher Education: Balancing Public Academic and Market Demands*, Joseph C. Burke, ed., Jossey-Bass: San Francisco, 2005.

²⁴ “Governance Structures in Other States and Louisiana’s Governance Structure,” Aims McGuinness, National Center for Higher Education Management Systems, Presentation to the Louisiana Postsecondary Education Review

quality.²⁵ A few states have pursued quality improvement goals through decentralization of governance and deregulation, with some level of performance accountability.²⁶ Some have centralized by linking institutions in systems, while still others have retained their structures but added different gradients of performance accountability.

The development and implementation of a public agenda for higher education is a specific method for assessing and addressing state needs, which arose in the late 1990s and persists today. The public agenda effort involves gathering a group of stakeholders, who come to consensus about the state's priorities and how they should be addressed. In addition, the group works to align finance and other policies with the priorities. Several states have undertaken public agenda efforts, as described later in this section.

Higher Education Governance: Three Major Types

There is tremendous variation in the structures and in the amount of authority vested in state boards of higher education. According to one study, at least 19 different types of governance structures exist in the 50 states.²⁷ Another study categorizes 31 structures.²⁸ Governance structures differ tremendously among states because the structure is the result of many factors unique to each state, including higher education institutions' influence, political dynamics, and overall governing philosophy.

While there is considerable diversity in the types of governance structures in the United States, higher education governance experts agree that each state fits into one of three broad categories:

- consolidated governing boards;
- coordinating boards; and
- service agencies.²⁹

Commission, January 11, 2010. Accessed August 25, 2010 at:

<http://laperc.org/assets/LAPERCMcGuinness01112010Revised.ppt>

²⁵ "Higher Education Governance: Balancing Institutional and Market Influences," Richard C. Richardson, Jr., Kathy Reeves Bracco, Patrick M. Callan, and Joni E. Finney, The National Center for Public Policy and Higher Education, November 1998. Accessed August 25, 2010 at:

<http://www.highereducation.org/reports/governance/governance.pdf>

²⁶ "Governance Structures in Other States and Louisiana's Governance Structure," Aims McGuinness, National Center for Higher Education Management Systems, Presentation to the Louisiana Postsecondary Education Review Commission, January 11, 2010. Accessed August 25, 2010 at:

<http://laperc.org/assets/LAPERCMcGuinness01112010Revised.ppt>

²⁷ "Models of Post-Secondary Education Coordination and Governance in the States," Aims McGuinness, Education Commission of the States, February 2003.

²⁸ "Higher Education Governance Structures: Coordinating Boards vs. Governing Boards," Ohio Board of Regents, September 2003.

²⁹ "Governance and Coordination: Definitions and Distinctions Education Commission of the States," Aims McGuinness, Policy Brief December 2001.

Table II-1. Authority of State Boards and Agencies of Higher Education, 2010

Type of Board	Consolidated Governing Boards*		Coordinating Boards				Higher Education Service Agencies	No State Higher Education Board or Agency	
	One Board for All Public Institutions	Two Boards Encompassing All Public Institutions							
Program Approval Role	Yes	Yes	Program Approval Role			No Program Approval Role		None	N/A
Budget Role	Yes	Yes	Consolidated or Aggregated Budget (f)	Budget Review and Recommendation (f)	None	Consolidated or Aggregated Budget (f)	Budget Review and Recommendation (f)	None	N/A
States	Alaska (b)* Hawaii Idaho (a) Kansas (d) Montana Nevada North Dakota Rhode Island South Dakota	Arizona (m) Florida (a) (l) Georgia (n) Iowa (c) Maine (n) (e) Massachusetts (j) Minnesota (b)* Mississippi (c) New Hampshire (b)(n)* North Carolina (n) Oregon (c) Utah (n) Vermont (k) Wisconsin (n) Wyoming (c)	Alabama Arkansas Colorado Illinois Indiana Kentucky Louisiana Maryland Missouri Ohio Oklahoma South Carolina Tennessee West Virginia (p)	Connecticut Nebraska New Jersey Texas Virginia Washington	New York (a)	New Mexico (h)	California (o)	Alaska (b)* Delaware Minnesota (b)* New Hampshire (b)(c)* Pennsylvania (a) (i)	Michigan (a)(g)
Total States	8 plus 1* (AK)	13, plus 2* (MN, NH)	14	6	1	1	1	2 plus 3* (AK, MN, NH)	1

Source: The National Center for Higher Education Management Systems, March 2010

NOTES: States listed in more than one column are noted with an asterisk "*" with the total number of duplicates at the bottom of the column. These states have consolidated governing boards and also higher education service agencies, as noted.

For all other notes, see Appendix D.

In Table II-1, each state's higher education structure is classified by these categories and according to the extent of authority over academic program approvals and budgets. Boards with the greatest formal authority begin on the left. (Some examples of how these structures look graphically are contained in Appendix C.)

Twenty-four states have **consolidated governing boards**.³⁰ Under this structure, all public postsecondary institutions are organized under one or more statewide governing boards. (Three of these states also have higher education service agencies, described below, but those agencies do not have any significant academic policy or budgetary authority). Nine consolidated board states manage all public higher education under a single governing board. The remaining states have two boards – usually one board for universities and another for the community and/or technical colleges – in a structure called a segmented system.

Consolidated governing boards have all the rights and responsibilities of a single corporate entity as defined by state law – a position the state's individual institutions lack. Accordingly, the typical responsibilities of consolidated governing boards include:

- appointment, compensation, and evaluation responsibilities for system and institutional chiefs;
- strategic planning, budgeting, and allocation of resources between and among institutions within the board's jurisdiction;
- advocating for the needs of the institutions under the board's jurisdiction;
- awarding academic degrees; and
- establishing faculty and other personnel policies.³¹

Twenty-three states, including Connecticut, have **coordinating boards**. Coordinating boards do not govern institutions. Accordingly, they do not usually have any role in the appointment of institutional chief executives or in developing faculty personnel policies. The "local" boards that oversee the higher education units, in this type of system, have authority over one or more of the institutions. Typically, coordinating boards:

- focus more on state and system needs and priorities than on advocating the needs of particular institutions or systems of institutions;
- plan primarily for the state postsecondary education system as a whole;
- maintain data systems and provide policy analysis;
- oversee student financial assistance;
- license non-public institutions;
- are not involved directly in setting or carrying out human resource or personnel policies;³² and

³⁰ "Classification of State Higher Education Structures," Aims McGuinness, National Center for Higher Education Management Systems, Updated March 2010 (provided to PRI staff by author).

³¹ "Governance and Coordination: Definitions and Distinctions Education Commission of the States," Aims McGuinness, Policy Brief December 2001.

³² Ibid.

- may have a role in reviewing academic programs and public institutions' budgets.

All but two coordinating board states have given academic program approval authority to their boards. More than half – fifteen – of coordinating board states exercise significant budget authority, while eight have limited or no budget authority. Connecticut's coordinating board has academic program approval authority and limited budget authority.³³

Five states have **higher education service agencies**. Three of these states also have consolidated governing boards, as mentioned above. The other two states have no board – either governing or coordinating – between the state government and the governing board for each individual institution.

Service agencies generally administer student assistance programs, license non-public degree granting institutions, administer federal and state categorical programs, and collect and analyze higher education data. These agencies do not have significant roles in approving academic programs or the approval or review of budgets.

One state, Michigan, effectively has **no statewide board or agency**. Its board of education is constitutionally responsible for overall planning and coordination of the state's higher education systems. But the state universities also have constitutional autonomy and the community colleges have local governance boards; therefore, the state board does not function as a statewide higher education coordinating agency.

It should also be noted that five states – Florida, Idaho, Michigan, New York and Pennsylvania – have **state boards with formal legal authority for all levels of education**, early childhood through postsecondary. The formal authority, though, varies substantially. For example, only in Idaho does the state board have governing authority for the state higher education institutions, and New York's board lacks any budget authority.³⁴

Potential Strengths and Weaknesses

Table II-2 outlines some of the potential strengths and weaknesses of consolidated governing and coordinating boards. A basic strength of a governing board is that its statutory authority can be powerful, allowing it to effectively address directly any number of management and policy issues. The downside is that it can evolve into a bureaucratic organization, mired in hands-on management and slow to respond to institution and public needs. A coordinating board's major duty is to ensure higher education is responsive to statewide priorities, but, lacking statutory authority, it relies on the voluntary cooperation of the higher education institutions. If consensus building is stalled, the coordinating board is ineffective.

³³ "Classification of State Higher Education Structures," Aims McGuinness, National Center for Higher Education Management Systems, Updated March 2010 (provided to PRI staff by author).

³⁴ Ibid.

Table II-2. Potential Strengths and Weakness of Governing and Coordinating Boards		
<i>Characteristic</i>	<i>Governing Boards</i>	<i>Coordinating Boards</i>
<i>Statewide Strategic Planning</i>	Strength (but central planning can slow response to market needs; also may be too focused on micro-level, institutional issues to devote attention to statewide planning)	Strength
<i>Responsive to State Priorities</i>	Strength (but can be conflict between professional leaders and state government)	Strength (but individual institutional lobbying efforts may derail)
<i>Responsive to Market Forces</i>	Weakness (can evolve into a large bureaucracy)	Strength (private sector can be direct partner and responsive to consumer needs)
<i>Statutory Authority over Constituent Units to Affect Change</i>	Strength	Weakness
<i>Can Facilitate Articulation Agreements among Different Institutions</i>	Strength (directly)	Weakness (only by consensus)
<i>Guards Against Duplication</i>	Strength	Weakness (depends on statutory authority)
Source: Adapted from Ohio Board of Regents, <i>Higher Education Governance Structures: Coordinating Boards vs. Governing Boards</i> , September 2003		

One higher education authority has asserted that the success of any state board, though, may depend less on formal authority than informal authority. This informal authority is manifest in:³⁵

³⁵ “Governance and Coordination: Definitions and Distinctions Education Commission of the States,” Aims McGuinness, Policy Brief December 2001.

- support from the governor and the legislature for board-generated policies and recommendations. This includes budget recommendations, changes in institutional missions, and approval or closure of programs or campuses;
- reputation of board and executive leadership for objectivity, fairness, and timeliness of analysis, as well as ability to gain trust of political and institutional leaders; and
- support from institutional leaders for board-led coordination to address state and regional policy issues that cannot be solved within institutions or through only voluntary coordination.

Comparative Research, Ideal Models, and Effectiveness

The research comparing governing and coordinating boards on measures of state higher education performance is inconclusive.³⁶ Neither type of statewide body is correlated with better college preparation, attainment, research funding, efficiency, or any other desired postsecondary outcome. The exact way in which boards developed across the country has more to do with the particular history, accepted role of government, and finance and budget processes of each state, than with any consensus or research on the best type of board model. Experts point out that no governance structure is either perfect or transplantable; it is the product of the state's unique culture and challenges.

That being said, the higher education literature emphasizes that the alignment of decision making authority with state priorities *is* important to board effectiveness. The literature also notes several other characteristics of effective governance boards:

- willingness to lead and support strategic change by focusing on developing and gaining broad commitment to long-term goals for the state;
- a linking of finance policies and accountability measures to state goals;
- emphasis on the use of data to inform public policy development;
- focus on mission differentiation among the higher education institutions;
- insistence on quality, objectivity, and fairness in analysis; and
- engagement with elected leaders of both parties.³⁷

³⁶ No significant connection between type of board structure and high performance has been found but at least one study indicates that coordinating boards are more common among higher ranked states. See, for example, "The Higher Education Coordinating Board and Higher Education Governance in Washington," Prepared for the Washington State Institute for Public Policy, Dec. 2002.

³⁷ "State Coordination of Higher Education: Texas in Comparative Perspective," Aims McGuinness, Presentation to Texas Senate Education committee, August 19, 2010 and "Excellence at Scale – What is Required of Public Leadership and Governance in Higher Education?," Paul Lingenfelter, Richard Novak, and Richard Legon, Association of Governing Boards conference, June 2008.

Five States Have Made Higher Education Progress through Public Agenda Efforts

Experts from several national higher education policy organizations³⁸ told program review staff that five states have made substantial progress in establishing and achieving critical statewide goals. These states have gained and maintained momentum in improving higher education's performance. The states are: Indiana, Kentucky, Ohio, Oklahoma, and Texas. Table II-3 offers an overview of each state's higher education efforts and governance structure; detailed profiles are found in Appendix E.

These states and their efforts differ substantially in some ways and are similar in others. Looking at the states together, program review staff determined several lessons:

1. A public agenda effort can be useful. All the states have developed and implemented a single high-profile public agenda effort that their policymakers found helpful. A public agenda essentially:

- assesses the state's current higher education situation;
- clarifies the state's future needs;
- sets specific numeric goals for the whole state (e.g., preparation, affordability, degree attainment); and
- defines efforts needed to reach the goals.

2. Public agenda development can be the responsibility of any group or person. Responsibility may be given to the state's higher education executive officer (the chancellor or commissioner) as in Ohio, the statewide coordinating board as in Indiana, or a special commission as in Oklahoma. Once the agenda has been developed over six to eighteen months, usually the coordinating board or executive officer is put in charge of implementation.

3. Higher education, business, and political leadership must be involved in determining the public agenda. All the states involved each of these important players, in varied ways: inclusion in the agenda development group (Oklahoma); conversations (every state); seeking approval from a statutory group consisting of legislative, business, and education representatives (Indiana); and giving the executive officer cabinet-level status (Ohio). The engagement of civic, business, and public school leaders beyond state government, as well as higher education leaders, was an important element in these efforts.

4. Analytical capacity is necessary, at both the effort's beginning and continuation. Information gathering and objective analysis are key elements to understanding current and future challenges to the system and in evaluating statewide performance on the goals that are developed.

5. Coordinating board states can successfully implement a public agenda. Coordinating boards usually have little, if any, statutory power over institutional policies, hiring,

³⁸ PRI staff held lengthy telephone conversations with high-ranking staff from the Association of Governing Boards of Universities and Colleges, National Center for Higher Education Management Systems, National Center for Public Policy and Higher Education, and State Higher Education Executive Officers.

and budget requests. But as all five states, like Connecticut, have coordinating boards, apparently the lack of statutory power is not detrimental to building consensus on direction and initiatives.

6. Performance funding is common among these states. Indiana, Ohio, Oklahoma and Kentucky determine a portion of institutional allocations based on performance or use trust funds to supplement traditional funding; Texas is considering doing so. The portion ranges from less than one percent in Oklahoma to nearly 100 percent for Ohio's universities (with a limit on how much funding can be annually lost). Some capacity to influence the direction of state resources appears to assist in the accomplishment of state goals.

7. Improvement in degree attainment, affordability, access, preparation, and economic contribution often are public agenda goals. The precise goals and performance targets are specific to each state's priorities, but these areas frequently are included. The number of goals is limited and easy to understand. These states have each identified between four and six goals.

8. Structural changes result only sometimes. Most states' public agenda efforts did not involve altering the state's statutory powers, or make other major structural changes. The exceptions are Ohio and Kentucky. Ohio made two major changes. First, the state higher education executive officer was given more power and tied closely to the governor. Second, all the public higher education, adult education, and career centers became part of the new University System of Ohio, which is led by the Chancellor. Kentucky chose to strengthen, reconstitute, and rename its coordinating board, giving it power to distribute funds that advance the state's strategic goals and to systematically review and eliminate unproductive academic programs. In addition, the board's president was established as the leader of the state's higher education system, with a salary statutorily guaranteed to exceed the salary of any institutional president.

Re-organizations, though, often result in the need to develop new structures, policies, and informal networks. These changes can take a long time to develop and, in the short-term, hamper effectiveness.

Table II-3. Overview of Five States' Reform Efforts					
	<i>Indiana</i>	<i>Kentucky</i>	<i>Ohio</i>	<i>Oklahoma</i>	<i>Texas</i>
<i>Who Initiated Effort</i>	Coordinating board	Governor	Gov. and legislature	Coordinating board	Coordinating board
<i>Who Led Plan Development</i>	Coordinating board	Coordinating board (assisted by statutory strategic committee)	HE chancellor	Commission appointed by coordinating board	Coordinating board
<i>When Effort Began</i>	Fall 2006	Spring 1996	Spring 2007	Fall 1996	Spring 1999
<i>Plan Development Period</i>	9 months	Legislation 1 year Plan 1.5 years	7 months	12 months	1.5 years
<i>State Goals with Specific Targets (current)</i>	Affordability, degree attainment, economic contribution, preparation	No targets but 6 goals in legislation: seamless system; ranked comprehensive research institution; recognized metropolitan research institution; comprehensive community college; efficient and coordinated system	Degree attainment, retention of graduates, recruit out-of-state talent	No specific targets; access, degree attainment, quality	Participation, graduation, excellence, research
<i>Performance Measure or Strategic Areas</i>	Strategic areas: Affordability, graduation, preparation, focus role of community colleges, strengthen major research univs., embrace accountability	Performance areas in strategic plan: preparation for higher ed, affordability, graduation, preparation for life, economic contribution	Performance areas: Access, affordability, economic contribution, efficiency, quality (including graduation)	Performance areas: Affordability, enrollment, graduation, quality, economic contribution, preparation	Performance areas: Participation, graduation, excellence, research
<i>Annual Progress Reports: State and Institutions</i>	State and a few institutions	State and institutions	State	No – biennial state	State and institutions
<i>Did Structure Change as Part of Efforts</i>	No	Yes; replaced weak coordinating board with stronger coordinating	Yes; created Univ. System of Ohio (composed of all public HE institutions) and gave Chancellor	No	No

Table II-3. Overview of Five States' Reform Efforts					
	<i>Indiana</i>	<i>Kentucky</i>	<i>Ohio</i>	<i>Oklahoma</i>	<i>Texas</i>
		board, created community colleges	high profile		
<i># Performance Measures (current)</i>	12	27	20	11	18
<i>Strong Performance on Measures</i>	6; mixed on 3 additional measures	9; 4 steady with data available on 19 measures	14 of 17 measures that have data	7	10
<i>Performance Funding</i>	Yes, 6.8%.	Yes; created 8 trust funds to change behavior.	Yes, nearly 100% for four-year institutions, starting in FY10. 5% for community colleges beginning FY11.	Yes, <1%. Began in FY03.	No, performance funding proposed this year- 10 percent of the funding for universities based on bachelor's degrees
<i>Statewide Board Type</i>	Coordinating	Coordinating	Coordinating	Coordinating	Coordinating
<i>Membership</i>	12 members, 4-yr terms; faculty and student, 2-yr	16 members, 6-yr terms except faculty 4-yr term; student 1-yr term	9 members, 6-yr terms; 2 legislative members	9 members, 9-yr terms	9 members, 9-yr terms
<i>Budget Authority</i>	Recommends to legislature; does not simply pass along institutions' requests	Authority over 8 trust funds and recommends budget to legislature	Recommends to legislature and governor; does not simply pass along institutions' requests	Recommends to legislature; also makes final allocation decisions	Recommends to governor and legislature
Source of data: PRI staff research; information was verified by staff from the statewide board of each state included.					

Findings and Recommendations

An effective governance structure assists in aligning higher education goals with fundamental public priorities and holding the higher education enterprise accountable. Experts who spoke with program review committee staff uniformly noted that a variety of structures could effectively hold higher education accountable for progress in meeting the state's needs, as discussed earlier.

To assess Connecticut's governance structure, program review staff reviewed the legislative history of the higher education statutes, interviewed the state's educational leaders, considered various government reform commission criticisms, and consulted with national experts on trends in governance. Based on this research, the program review committee questions whether Connecticut's current structure and policies are effective in providing the state policy leadership and accountability mechanisms necessary to meet the state's needs. The program review committee finds:

- over the last several decades, Connecticut's higher education institutions have enjoyed greater managerial autonomy, while state policy leadership has declined;
- certain matters of overall public interest are not served well under the current system;
- the current system has had some successes but has not helped the state adequately plan for increased educational attainment or involved sufficient accountability;
- without changes, there are risks to the state's economic competitiveness, system efficiency, and ability to effectively close the achievement gap; and
- an accountability system based on statewide needs, effective strategies, and performance incentives has not been a priority.

Increased Managerial Flexibility, Decreased State Policy Leadership

Over time, the governor and legislature have endorsed a general movement away from state regulatory control and specific institutional oversight, in favor of greater constituent unit autonomy and market adaptability, as noted earlier. This trend has occurred in many states. However, it is unclear that this devolution of authority has been as beneficial for the state as a whole, or the larger public interest, as it has been for the individual constituent units.

On the one hand, there have been many positive effects of transferring more operational responsibility, in terms of personnel decision-making, purchasing, budgeting, and other financial controls, to the constituent units. All the units have noted that the ability to manage their own institutions allows them to better meet and quickly respond to the changing academic, residential, health, and safety needs of the students, faculty and staff. The flexibility has been particularly useful recently, as the units have needed to add staff and resources to meet the

demands of dramatically increased student enrollment. UConn even partially attributes the flexibility to their rise in prominence over the last two decades.

On the other hand, the *state's* success is more than the sum total of each institution's interests. Some key policy matters that are important to the overall public interest are not served well under the current system, as shown by:

- *Increased costs* – Since 1989, the cost per student increase has far outpaced inflation. The increases have been 133 percent for UConn, 164 percent at CSUS, and 93 percent for the community colleges. Over the same period, the Consumer Price Index has increased 75 percent, while the Higher Education Price Index (HEPI) has ballooned 103 percent.³⁹ UConn and CSUS have increased 30 and 60 percent faster, respectively, than the HEPI, while CCCS has risen at a lower rate. UConn and CSUS have been consistently ranked among the most expensive public university systems in the nation (numbers 9 and 11, respectively, in 2009 among peer institutions).⁴⁰
- *Persistent Access and Achievement Gap* – Connecticut's population is increasingly made up of individuals from minority racial/ethnic groups. These groups have lagged white students in college preparedness, enrollment, and completion. While there have been some improvements, white students' achievements have increased at a faster rate.⁴¹ The access disparity exists even for high-achieving minority students, who fail to transition to college as often as their white peers.^{42,43} The preparation gap is manifested in Hispanics/Latinos' and African Americans' over-representation at community colleges and under-representation at universities.⁴⁴ As noted by the Connecticut Employment and Training Commission, if Connecticut is to be economically competitive, the state must better educate its residents.^{45,46}

³⁹ HEPI is an inflation index designed specifically to track the main cost drivers in higher education. HEPI is issued annually by the Common Fund Institute, which is a subsidiary of The Common Fund for Nonprofit Organizations. The Fund provides investment management products and related services exclusively to nonprofit organizations, their related entities, pension funds, family offices and other select long-term investors.

⁴⁰ "Connecticut Public Higher Education; 2009 System Trends," Connecticut DHE, May 2009. Cost per student is calculated by dividing the educational and general expenditures by number of full-time equivalent students.

⁴¹ "New England 2020; A Forecast of Educational Attainment and Its Implications for the Workforce of New England States," Stephen Coelen and Joseph B. Berger, Nellie Mae Foundation for Education, June 2006. Accessed September 23, 2010 at: http://www.nmefdn.org/uploads/NE_2020_FR.pdf

⁴² "Next Steps: Preparing a Quality Workforce," Stephen Coelen, Sevinc Rende, and Doug Fulton, University of Connecticut Department of Economics and Connecticut Center for Economic Analysis, April 2008. Accessed September 23, 2010 at: http://ceea.uconn.edu/studies/08apr_NextSteps.pdf

⁴³ "Annual Report: Strategic Plan to Ensure Racial and Ethnic Diversity in Connecticut Public Higher Education 2010," Connecticut DHE, March 2010. Accessed September 23, 2010 at: <http://www.ctdhe.org/info/pdfs/2010/2010StrategicPlan.pdf>

⁴⁴ Ibid.

⁴⁵ "Next Steps: Preparing a Quality Workforce," Stephen Coelen, Sevinc Rende, and Doug Fulton, University of Connecticut Department of Economics and Connecticut Center for Economic Analysis, April 2008. Accessed September 23, 2010 at: http://ceea.uconn.edu/studies/08apr_NextSteps.pdf

- *Unresponsiveness to Certain High Priority Needs of Employers* – Connecticut continues to under-produce graduates in certain workforce priority areas like engineering and computer science. In a 2009 PRI study of occupational and postsecondary alignment, the committee found that of the 31 occupations studied, there was an over supply of 13 occupations, such as elementary school and history teachers, and an undersupply of 12 other occupations, such as industrial engineers and special education teachers.⁴⁷
- *Future Decline in Degree Production* – In 2009, Connecticut matched the national average for degrees conferred per 100,000 residents. However, studies have indicated that Connecticut and Massachusetts will suffer the largest drops in the percentage of young workers holding a Bachelor’s degree or higher by 2020. If current and projected levels of educational access and attainment are not raised, the state will witness a decline in workforce quality and thereby a reduction in economic competitiveness.

Insufficient Identification of Statewide Needs and Provision of Accountability

The program review committee is concerned about the system’s ability to better meet these public needs. A change in governance structure might not be necessary to solve these problems, but changes to how the structure is operating are needed. The current system has not helped the state adequately plan for and execute improvement, or involved sufficient accountability, leading to particular areas of concern.

Ineffective Strategic Planning – Strategic planning efforts on a statewide level have not been very successful for higher education. At least three statutory mandates have required the development of a systemwide strategic plan: the Board of Governors for Higher Education Master Plan (1982), the Accountability Report (1999), and Blue Ribbon Task Force Strategic Plan (2007). The authorizing statutes for these efforts set out a total of 18 core goals for the higher education system. (The goals are listed in Appendix F.)

The efforts, however, went nowhere. The BGHE master plan was never developed and the blue ribbon task force established in 2007 to create a strategic plan was never established.

In addition, there was a nascent public agenda effort started by the Board of Governors for Higher Education in 1998, which attempted to set out a vision and an “agenda for excellence” for higher education. After issuing a report with numerous recommendations, the board of governors held a retreat where they developed next steps, including performance measures. DHE reports that they could not come to agreement with the constituent units on the measures

⁴⁶ “Alignment of Postsecondary Education and Employment,” Legislative Program Review and Investigations Committee, December 2009.

⁴⁷ Ibid.

and on several of the recommendations; consequently, the department successfully pushed for the accountability report legislation (P.A. 99-285) discussed below.

The individual constituent units do create their own strategic plans; however, locally-focused plans are not a substitute for a statewide plan.

Lack of Performance Improvement Strategies – The 1999 Accountability Report, required by Public Act 99-285, was the only effort that resulted in the development of performance measures and those measures have been consistently reported. The law required the Higher Education Coordinating Council to develop accountability measures for each constituent unit and each public institution of higher education. It also listed six goals for which progress is to be measured.⁴⁸ The Higher Education Coordinating Council, created by statute in 1992, is composed of the:

- chair of each board of trustees and the chief executive officers of each constituent unit;
- commissioners of higher education and education; and
- Secretary of the Office of Policy and Management.

Since 2001, each constituent unit has annually submitted an accountability report to the DHE commissioner, who then compiles the information and creates a consolidated report. Up until 2009, the report, called *Higher Education Counts Achieving Results*, contained a primary mission for Connecticut's higher education system, six statutorily-defined goals, benchmarks, and performance indicators to measure progress towards achieving the established goals, for both the system as a whole and by constituent unit. In 2010, the report became substantially less informative as it no longer contained the benchmarks, performance improvement goals, and detailed information on constituent units. The goals in statute have not been revised in over a decade.

Although the reports have been submitted as required by law, they are not useful in identifying ways to improve. As noted in the 2009 PRI report, the *Higher Education Counts* reports have no identified strategies to address any sub-par performance. Of the more than 50 indicators contained in the report in 2009, over one-third were unmet and some indicators already were being met at the time they were set (i.e., the bar had been set too low).

Finally, not only are there no strategies that would address deficient performance, there has not been any attempt to link, even in part, funding to performance. The committee's review of other states, found in Section II, shows that all the states most actively trying to improve their systems are using or pursuing performance funding, to varied extents. These states have found it helpful to have a tangible, meaningful incentive – through performance funding – for their higher education institutions to make progress on the state's goals. Experts agree that while performance funding is not a panacea for meeting a state's higher education needs, it is a necessary component to spur forward movement.

⁴⁸ C.G.S. Sec. 10a-6b

DHE has recently proposed and BGHE approved a strategic framework that outlines some key strategies to increase the educational attainment of Connecticut residents. There is not a statutory requirement that the constituent units participate, and it relies on their voluntary cooperation to make any changes in programs or policies. It is unclear how much of the strategic framework is embraced by the constituent units, the legislature, or the business community.

Need for Direction, Planning, and Prioritization – Program review staff interviewed the leaders of the state’s public higher education system, including the board chairs of all the institutions and their executive leadership. Nearly all noted a need for a better planning and prioritization process on the state level. They would like clear articulation of the state’s priorities and strategies for accomplishing those priorities. The leaders want to respond to the state’s urgent workforce needs – for example, in health care occupations – and pressing state economic and demographic trends in a more coordinated manner, but said there is insufficient planning and action on these challenges. These large problems cannot be addressed by any single institution; they require statewide efforts.

In addition, while all the leaders acknowledged that improvements have been made in facilitating better transfer of credits among institutions, several believed more needed to be done to refine that effort. Because an increasing number of students obtain their education from courses taken at multiple institutions, the ability to easily transfer credits is seen as a key element in students being able to complete higher levels of education. Several leaders also noted that clear priorities would give the institutions guidance as they struggle to cope with likely declines in state funding.

Perception of Mismanagement – Certain spending practices at CSUS and UConn recently reported in the media create the perception the systems spend unwisely – without regard for public burden and toward questionable ends – during fiscally troubled times.⁴⁹ The public in general has expressed discontent with the rises in higher education costs and spending.⁵⁰ This is why a focus on accountability and transparency continues to be an important aspect of managing the higher education enterprise.

Risks to Economic Competitiveness, Efficiency, and Achievement

By not fully addressing the identified deficiencies in the higher education accountability system, Connecticut risks:

- not aligning its postsecondary education systems with its economic needs, further eroding the state’s economic competitiveness;
- reducing accountability by not being able to demonstrate effectiveness based on broadly developed goals and objectives;
- being able to ensure resources are used efficiently; and

⁴⁹ “Mr. McHugh Tells Mr. Hogan ‘No,’” Editorial, www.courant.com, August 31, 2010.

⁵⁰ “Squeeze Play: How Parents and the Public Look at Higher Education Today,” John Immerwahr and Jean Johnson, Public Agenda for the National Center on Public Policy and Higher Education, 2007. Accessed September 23, 2010, at: http://www.highereducation.org/reports/squeeze_play/squeeze_play.pdf

- failing to ensure adequate access to higher education for all its citizens, thereby sustaining or even increasing the achievement gap.

Accountability System Based on State Needs Not a Priority

The development, implementation, and ongoing support of an accountability system that focuses on broad higher education system goals tied to outcomes or performance incentives has not been a priority of state government. The tools to develop and maintain such a system have been very weak both in a formal and informal sense.

The formal authority of BGHE, the only statewide oversight board, has largely devolved to limited regulatory and reporting functions that might not be sufficient to support an effective higher education system in a globally competitive world. Even in these areas, the department notes that it has a particularly hard time in obtaining certain data to better understand system trends, such as student financial aid information, from the constituent units on a voluntary basis. The board has also tried to obtain information about the extent and sufficiency of transfer agreements, and has had to rely on legislative intervention in order to produce a one-time report on the status and content of transfer and articulation agreements (S.A. 07-7).

The informal authority of BGHE and DHE has been weakened as well, in a few key ways. First, both have been the target of elimination multiple times over the last several years. These moves undermine the board and department's value and does not build trust or respect for either.

Second, the department noted to committee staff it and BGHE feel nearly powerless to recommend changes to the budgets submitted by constituent units, because the units have more power and the board has lacked approval authority since the early 1990s. As noted earlier, the state uses block grant funding that is not based on performance – or even student enrollment – but was derived during a fiscal crisis 20 years ago. The base of the block grant essentially rises annually based on personnel contract increases; it is otherwise adjusted as the legislature and governor see fit (e.g., may be raised further if there is a surplus). The expenditures funded by the allocation are determined by the units.

Third, the perception that institutional lobbying can override any and all board initiatives, cited by some interviewees, further weakens BGHE's policy effectiveness.

These problems do not necessarily mean the board of governors should acquire greater formal authority, particularly over day-to-day decisions at the institutional or unit level. Institutional management is a responsibility of each college or university, while statewide policy leadership is most appropriately the role of a statewide body. In Connecticut, statewide policy leadership has not been sufficiently robust and must be strengthened.

Recommend Sustained System Improvement by Addressing Identified Needs

A public agenda is a statement of fundamental principles about the role that higher education plays in a state. The higher education policy community consensus is that a public agenda effort is the best way to improve a state's system. The key is not to dampen the individual successes that Connecticut's higher education institutions have achieved, but to augment them by addressing recognized state needs. The state's higher education enterprise needs to be guided by an agenda that enjoys broad agreement and a high profile. The agenda must be grounded in an analysis of resident, business, and community needs to achieve overall state prosperity.

That analysis and agenda are currently missing. Further, Connecticut's public higher education leaders generally agree that an assessment of the state's needs, clear priorities, and strategies for improvement are necessary. **Therefore, the program review committee recommends that a public agenda for higher education shall be developed that includes: statewide goals based on identified state needs; provisions for the development of strategies and monitoring of performance measures to achieve those goals; and incentive funding to ensure that goals are met.**

This should be accomplished by the appointment of a leadership group made up of 14 members and be appointed by the governor (seven appointees) and the six legislative leaders (one appointee each) from among various individuals from business, the executive and legislative branches of government, and education. The commissioner of the Department of Higher Education or designee shall be an ex officio, non-voting member. None of the appointed members should be employed by or on the board of any constituent unit or private higher education institution. The governor shall select the chair. The leadership group shall:

- a. **develop a public needs report, based on an analysis of data that describes:**
 - i. **the current and projected condition of the state over the next 20 years in terms of education, workforce, social, and economic needs. Such analysis will consider: population and demographic trends; economic and workforce conditions and needs; state of college preparation; extent of postsecondary access, completion, and affordability; student learning options; and education finance;**
 - ii. **where changes and improvements need to take place to meet the needs; and**
 - iii. **specific responsibilities of both public and private higher education institutions in meeting the state's needs and priorities. Such analysis should recognize and reinforce differences in constituent unit missions and capacities.**

- b. develop a higher education policy audit report that assesses the extent to which current policies contribute to or inhibit the state's ability to meet the needs identified in the public needs report;
- c. engage stakeholders, including the constituent units and private colleges, and solicit feedback on the public needs report and policy audit;
- d. use the above analysis and feedback to develop a public agenda priorities report, which shall include specific strategies as well as measureable and quantifiable objectives and interim benchmarks to address each priority;
- e. analyze and produce a finance report on current financing policies, practices, and accountability to determine how:
 - i. to align them with priorities of the public agenda;
 - ii. current state funding practices can be improved to support the public agenda, including the development of a finance model for the allocation of state appropriations among the constituent units that includes a base amount and the use of performance-based incentive funding for at least a portion of the allocation;
 - iii. constituent units' expenditures, staffing, and state support - including the block grant, administrative expenses, personnel fringe benefits, capital improvement bonds, and state financial aid to students - will be consistently and periodically reported to the legislature and the public in a clear, concise, and thorough manner; and
 - iv. examine if current student financial aid policies ensure that scarce resources are producing desired results and support the public agenda.
- f. present the public agenda priorities and finance reports to the governor and General Assembly by January 31, 2012.

The Department of Higher Education shall be responsible for monitoring and reporting annually to the General Assembly on progress in implementing the public agenda by constituent unit, by public higher education institution, and for the state as a whole. Beginning no more than ten years after development of the initial public agenda priorities report and minimally at every ten year interval thereafter, the Board of Governors for Higher Education shall reanalyze the education, workforce, social, and economic trends described above, compare the trends to the stated goals of the public agenda, and revise the statewide goals and strategies to meet emerging needs as necessary.

Further explanation is provided below for several aspects of the recommendation: the leadership group, cross-boundary issues, finance policy, financial reporting, and structural changes.

Why a Leadership Group, if Task Forces have Failed. Ideally, from an organizational standpoint, the Board of Governors for Higher Education should be the body to lead this type of effort. It should be able to do it without legislative mandates. However, as noted above, the BGHE does not have all the standing it needs to support this effort, as this undertaking requires a higher profile with a broader group of participants.

In addition, the goals of the system have not been examined or changed in statute in a decade. Current practices and arrangements are not working well in developing consensus on state needs and strategies to meet them. Strategic issues often involve conflict over what is to be done, who will do it, and how it will be done. The recommended group will allow knowledgeable outsiders to assist in identifying and resolving any standing issues in a new forum of decision making.

It is also important to acknowledge that the success of the effort is dependent in large part on the qualifications and abilities of people who are appointed to the leadership group. No structure or grant of authority will overcome a lack of leadership. It will be the responsibility of the governor and legislative leadership to ensure the right people are appointed, and give the group the respect and profile needed for success.

Public Agenda will Assist in Addressing Issues that Cross Boundaries. Ultimately, a public agenda will assist DHE in influencing statewide policy for Connecticut's public higher education system and monitoring the performance of the system. There are important issues that must be managed across institutional boundaries. This involves engagement with a variety of internal and external stakeholders, including all the higher education institutions, the PK-12 system, and businesses. There needs to be a capable state entity that is able to draw attention to issues and develop information that crosses internal and external organizational borders.

Alignment of Finance Policy for Postsecondary Education. It is important that a comprehensive analysis of educational finance policy be developed that not only includes state assistance through a block grant – which could be newly based on enrollment – but also student financial aid and other sources that can support the achievement of the state's goals. Thought should also be given to how independent educational institutions are engaged and leveraged to assist in this effort. There should be a financing framework that ensures adequate educational capacity in all areas to attain the goals.

One controversial aspect of this proposal is the use of incentive funding. As noted above, all the states most actively trying to improve their systems are using or pursuing performance funding to some extent. Managing by outcomes rather than by inputs has led to some incentive funding models that reward *actual* rather than promised performance levels. Some of the incentives include tying a portion of institutional funding to student success. This can take the form of additional incentive dollars to meet benchmarks or can be made part of current block grants or funding formulas.

In Connecticut, the block grant method of funding does not have any real attachment to inputs, outputs, or outcomes. For some, this may mean that there is little monetary incentive to ensure that students successfully complete courses and earn degrees – particularly when student success requires cross-unit efforts to improve articulation and transfer.

Problems with goal achievement will be experienced if there is no relationship between the public agenda, the budget of each constituent unit, and the day-to-day operation of each unit. Budgets are central to implementation of strategies and plans. If there is no incentive, then the public agenda process could become a paper exercise. Even if performance funding represents a relatively small portion of a state’s higher education budget, some experts assert that it can lead to remarkable results.⁵¹

This does not mean that the creation of such a system is without challenges. There has to be caution against establishing inappropriate measures and the wrong incentives, such as rewarding colleges and universities for the number of students enrolled in classes on a particular day, instead of students completing classes.

Other obstacles to the development of successful performance incentives include: the need to develop sustainable funding for the incentives (whether new funding or based on current amounts); inequality in institutional capacity to meet goals; and possible pressure to lower academic standards. As noted with the profiles of states making progress, it helps to keep the number of goals and measures to a minimum. Too many goals and measures increase compliance and tracking costs. The aim is to create a system that is clearly understood but flexible enough to account for differences in institutional mission and student population.

Consistent Financial Reporting. There has been much concern expressed over the level of financial transparency among the constituent units. The reporting is frequently inconsistent. Constituent units often fail to include state support other than block grant funding, and sometimes include auxiliary expenditures, when disseminating information. This leads to confusion because different sets of numbers are not comparable and some depictions are obviously incomplete.

Further, there has been frustration expressed, within the legislature, about the level of financial and staffing information shared by the constituent units. Raw data is often available but the information needed is not. The units would benefit if this frustration were removed through clearer, more consistent reporting. To make the reporting valuable, and not merely an exercise, the public agenda development group should clearly define categories of staffing and expenditures, as PRI staff repeatedly heard that poorly defined categories has made a national database of these data essentially useless for comparison purposes.⁵²

Determine System Goals Before Considering Governance Structure Overhaul. The governance structure is a key component in carrying out an overall vision for higher education. It is important, therefore, that it is aligned with that vision. Connecticut as a state needs to

⁵¹ Midwestern Higher Education Compact, “Completion-Based Funding for Higher Education.” February 2009

⁵² Integrated Postsecondary Education Data System (IPEDS).

develop and agree upon its vision for higher education, and then, if desired, consider and implement any changes to either the current board responsibilities or the constituent unit structure. Governance structure changes made now, before goals and policies are set, could be ill-suited to the vision that emerges from the public agenda group.

Board of Governors for Higher Education: Responsibilities and Composition⁵³

The board has 11 members, seven appointed by the governor and the remainder by the leaders of the Connecticut General Assembly. Members cannot be employed by or be a member of any of the boards of trustees for any public or independent Connecticut higher education institution. The board's responsibilities, specified in C.G.S. Section 10a-6, are to:

- establish statewide policy for Connecticut's public higher education system;
- develop a higher education master plan;
- establish statewide tuition and financial aid policies;
- evaluate institutional effectiveness;
- merge and close institutions;
- review and approve the mission statements of the constituent units and the role and scope statements of the individual public institutions;
- approve recommendations by constituent units to establish new academic programs or eliminate existing programs;
- prepare and present to the governor and the General Assembly a consolidated operating and capital budget for all constituent units of higher education;
- review and make recommendations on plans received from each constituent unit for development and maximum utilization of resources;
- appoint advisory committees to assist in defining and suggesting solutions for the problems and needs of higher education;
- establish an advisory council for higher education with representation from public and independent colleges to study ways to coordinate efforts of all the state's colleges in providing an enriched educational environment for the state's citizens;
- coordinate programs and services throughout higher education, including procedures to evaluate the impact on independent institutions of higher education of proposals affecting public higher education institutions;
- enter into contracts, leases, or other agreements;
- maintain a central higher education information system; and
- undertake studies and activities as will best serve the higher education interests of the state.

Standing Advisory Committee. There is a statutorily required 22-member Standing Advisory Committee to the board, which has representation from independent and public college trustees, administrators, faculty members, and students. The committee must meet at least twice

⁵³ Source: Connecticut General Statutes and *Alignment of Postsecondary Education and Employment*, Legislative Program Review and Investigations Committee, December 2009.

yearly with the board. The role of the advisory committee is to assist the board in performing its statutory duties.

BGHE is involved in two major commissions: the P-20 Commission, and the Connecticut Education and Training Commission. In addition, the board of governors, through DHE, participates in the statutorily required Higher Education Coordinating Council.

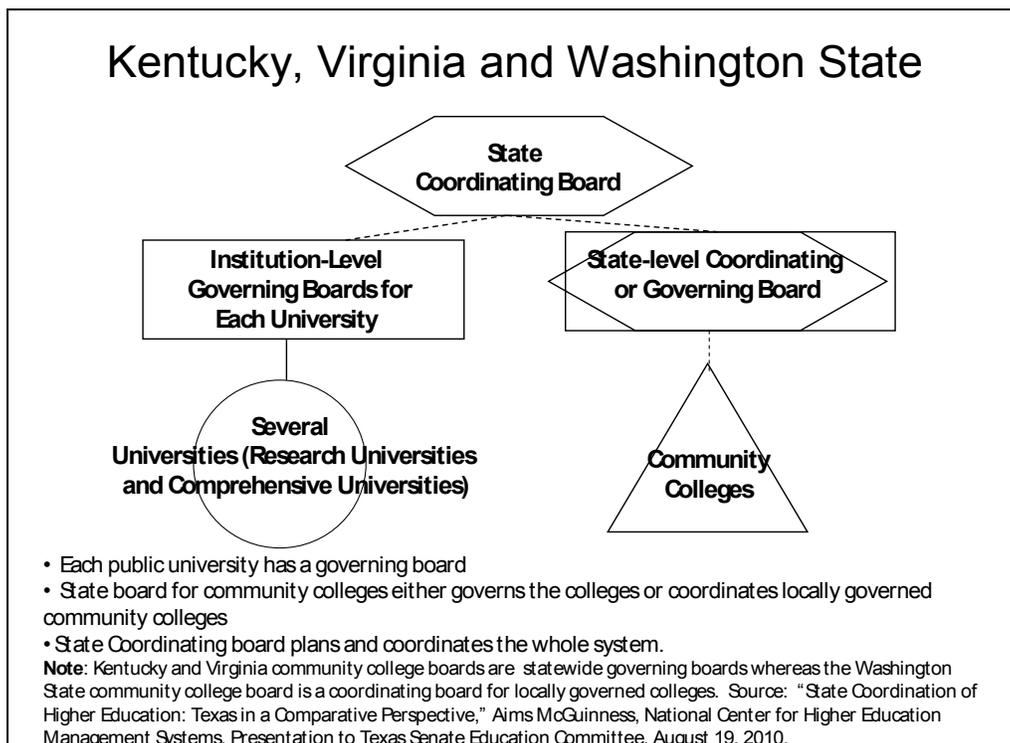
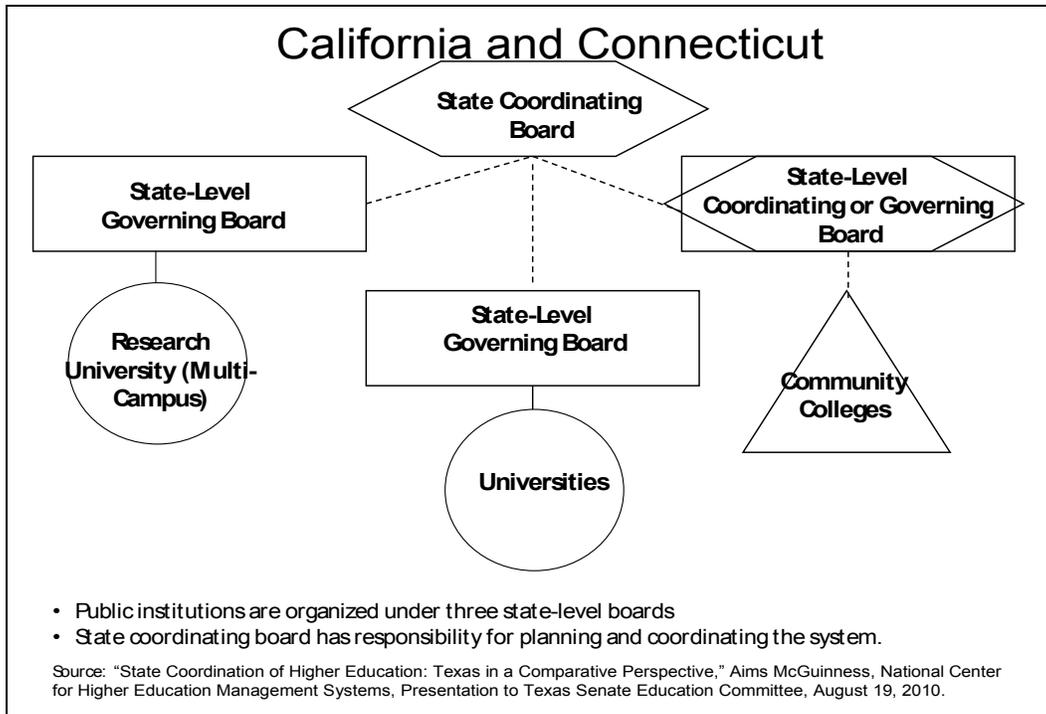
Higher Education Coordinating Council. The Higher Education Coordinating Council, established under P.A. 92-126, is made up of the chairperson of the boards of trustees and the executive officers of each constituent unit, the OPM secretary, and the commissioners of DHE and SDE. Under current state law, the council is responsible for identifying, examining and implementing savings in administrative functions and, since 1999, developing accountability measures for each constituent unit and each public institution of higher education. The Board of Governors was required to approve these measures, which are now used by DHE and each constituent unit to report to the legislature's committees of cognizance.

Appendix B

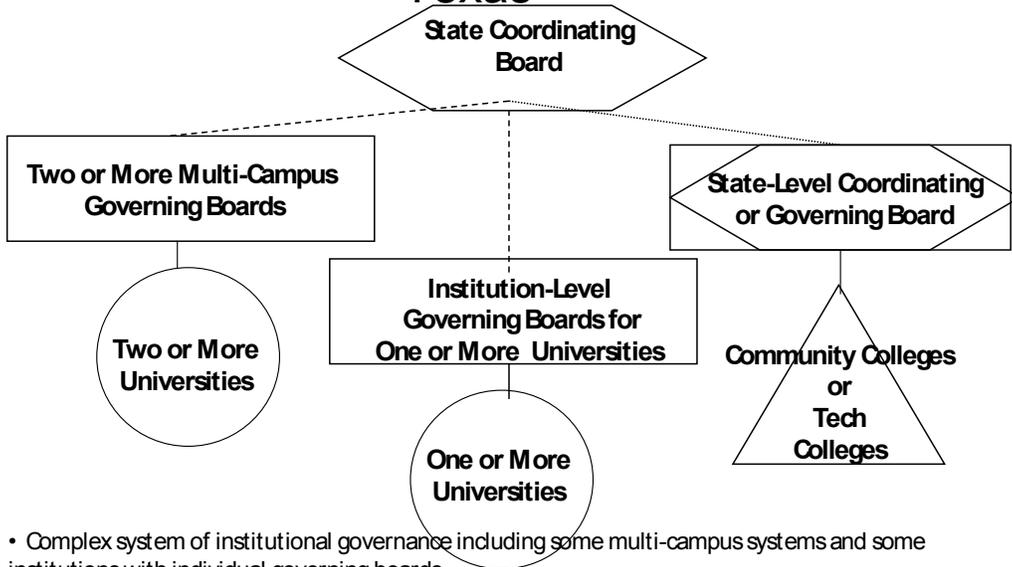
Board of Trustee Membership for Constituent Units

Table B-1. Board of Trustee Membership							
<i>Unit</i>	<i>Gubernatorial Appointments*</i>			<i>Other</i>	<i>Elected Student Reps.</i>		<i>Total #</i>
	<i>#</i>	<i>Term length</i>	<i>Special Rep.</i>		<i>#</i>	<i>Term length</i>	
CCCS	16	6 yrs.	Alumni: 2 Geographic: 1 from each county where a CCCS school is located Other: 6 with experience in business, labor, or industry; and 2 with accounting familiarity	---	2: one each from technical and non-technical programs	2 yrs.	18
CSUS	14	6 yrs.	Alumni: 5 Geographic: 1 from each county where a CSUS school is located	---	4: one from each school	2 yrs.	18
UConn	12	6 yrs.	Alumni: 4	Ex officio: 5** Alumni: 2 elected by alumni for 4-yr. term	2: one each undergraduate and graduate	2 yrs.	21
BSAA	8	6 yrs.	Alumni: 1	---	1	2 yrs.	9
<p>Source of data: OLR, using mainly C.G.S. Sec. 10a-71 (CCCS), Sec. 10a-88 (CSUS), Sec. 10a-103 (UConn), Sec. 10a-143 (BSAA).</p> <p>*All the board statutes have a statement directing the governor's appointments to reflect the state's geographic, racial, and ethnic diversity.</p> <p>** UConn's ex officio members are: the governor; commissioners of agriculture, economic and community development, and education; and the chair of the UConn Health Center Board of Directors.</p>							

Examples of Organization of Coordinating Board States



Alabama, Colorado, Illinois, South Carolina, Texas**

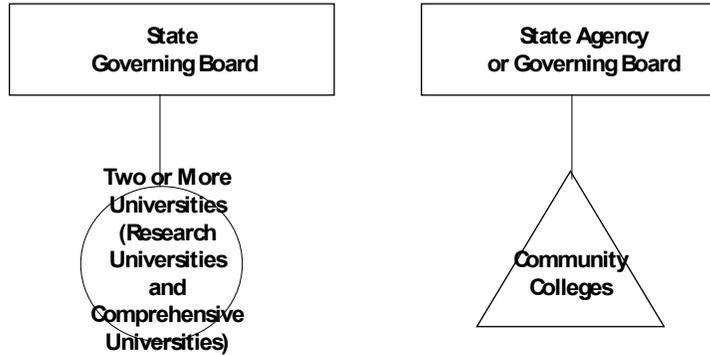


- Complex system of institutional governance including some multi-campus systems and some institutions with individual governing boards.
- State board is responsible for coordinating the whole system.

Note: In Texas, the Texas Higher Education Coordinating Board serves as the coordinating entity for locally governed community colleges. TX public technical colleges are governed by system board. Source: "State Coordination of Higher Education: Texas in a Comparative Perspective," Aims McGuinness, National Center for Higher Education Management Systems, Presentation to Texas Senate Education Committee, August 19, 2010.

Examples of Organization of Consolidated Governing Board States

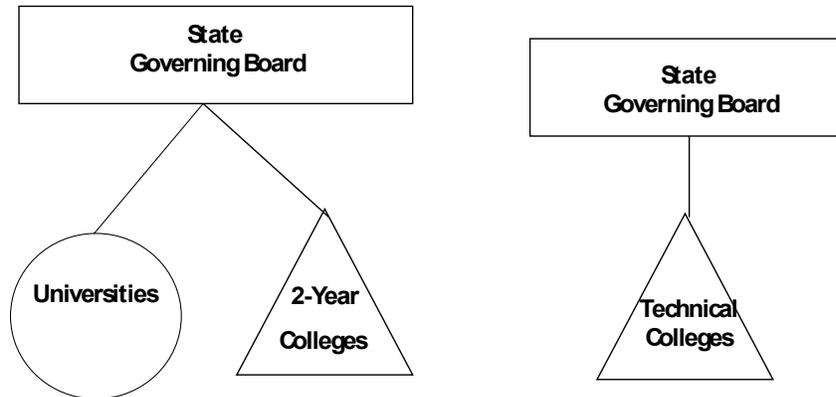
Iowa, Mississippi, North Carolina, and Oregon



- Two separate state-level boards/agencies are responsible for all public institutions
 - one for universities
 - other for community or technical colleges.
- No state-level higher education planning or regulatory agency between boards and Governor and Legislature for universities

Note: Board for community or technical colleges may be either a state-level governing board (North Carolina) or a coordinating/regulatory board for locally governed colleges (Iowa and Oregon). Source: "State Coordination of Higher Education: Texas in a Comparative Perspective," Aims McGuinness, National Center for Higher Education Management Systems, Presentation to Texas Senate Education Committee, August 19, 2010.

Georgia and Wisconsin



- Two separate boards govern public institutions
 - one board for the research university and other university campuses as well as 2-year colleges
 - the other board for technical colleges

Source: "State Coordination of Higher Education: Texas in a Comparative Perspective," Aims McGuinness, National Center for Higher Education Management Systems, Presentation to Texas Senate Education Committee, August 19, 2010.

Notes to Table II-1

- (a) State board/agency responsible for all levels of education (P/K-16/20). State boards/agencies in Florida, New York and Pennsylvania have coordinating, not governing authority for public institutions. State board in Idaho has governing authority.
- (b) State has both consolidated governing board(s) and coordinating or planning/service agency.
- (c) One of the two boards is a statewide coordinating body for community colleges and/or postsecondary technical institutions.
- (d) Kansas Board of Regents is a consolidated governing board for universities and coordinating board for locally governed community colleges and Washburn University.
- (e) Maine Maritime Academy is the only public institution with its own governing board outside a system.
- (f) Several state boards (e.g., Texas Coordinating Board for Higher Education) develop the formulae for allocation of state appropriations and/or make recommendations for overall system funding but do not review and/or make recommendations on individual institutional budgets.
- (g) Michigan State Board of Education has constitutional authority for overall planning and coordination of the state's education system, but because of the constitutional autonomy of the state universities and local governance of community colleges, the State Board does not function as a statewide higher education coordinating agency. State Board is the licensing authority for non-degree vocational-technical education and proprietary institutions and approves charters for private degree-granting institutions within the state.
- (h) The New Mexico entity is a cabinet-level department headed by a Secretary of Higher Education. The department has authority to review, adjust and approve public university budgets prior to submission to the department of finance and administration and limited authority primarily to review and study but not to take formal action to approve academic programs or other institutional decisions.
- (i) Pennsylvania State Board of Education's program approval authority is limited to specific areas (e.g., teacher education). Board also must approve new campuses or sites. Department of Education has budget responsibility for community colleges and regulatory responsibilities regarding for-profit institutions.
- (j) State-level governing boards in Massachusetts include the Board of Trustees, University of Massachusetts and the Board of Higher Education for other public institutions including community colleges. The latter board is also the coordinating board for whole public system.
- (k) Vermont has no statutory planning/coordinating entity. Vermont Higher Education Council is voluntary.
- (l) Florida State Board of Education has responsibility for policy direction and coordination of state's education system, P-20. Constitutional amendment passed in November 2002 created a Board of Governors for Universities, but the State Board of Education retains overall responsibility for policy coordination for all education. State Board of Education, through a chancellor for community colleges, coordinates locally governed community colleges.
- (m) State law enacted in 2002 eliminated most powers of the Arizona State Board of Directors of Community Colleges except for data collection and preparing an annual report. (n) The two boards in these states include a statewide governing board for universities and a statewide governing board for community colleges and/or technical institutions.
- (o) Authority of the California Postsecondary Education Commission related to budgets is limited response to requests from the Governor and General Assembly for review and recommendations of budget requests of the segments (Community Colleges, California State University and the University of California)

(p) West Virginia has two state-level coordinating boards: the Higher Education Policy Commission for four-year institutions and the Council for Community and Technical Education for community and technical colleges. The council and commission share coordinating responsibilities including developing a public policy agenda that is aligned with state goals and objectives and the role and responsibilities of each coordinating board.

Updated March 2010

Other State Profiles: Public Agenda Efforts

Indiana⁵⁴

Coordinating Board Launched and Completed Strategic Plan

Indiana's public agenda effort is rooted in the state coordinating board's 2003 report that constructed a framework to guide the state's higher education policy decisions. A few years later, in fall 2006, that same board – the Commission on Higher Education – decided to review the framework, to see how it could best be applied moving forward. The board took this action because of:

- concerns within the state about the sector's efficiency and effectiveness;
- the under-use of community colleges, due to four-year institutions offering two-year degrees;
- national discussions on higher education; and
- the public's desire for accountability.

A subcommittee of the board was assigned to lead the plan development, but the whole board was involved. Meetings and conversations were held with higher education, business, and community leaders over the next nine months. In addition, the initiative was approved by the Education Roundtable, a statutorily required group composed of one-third each educators, legislators, and the business community.

The strategic plan, named "Reaching Higher," was adopted by the board in June 2007. It included a goal statement and areas of focus: access, affordability, student success, college preparation, and contribution to the state's economy.

Board Developed Initiatives and Performance Measures Based on Strategic Plan

Over the next year, the board formulated and, in June 2008, adopted six strategic initiatives, also called "strategic directions" by the Board, under the Reaching Higher effort. The report began with an assessment of the state's current and likely future situations, and then presented initiatives.

⁵⁴ Sources consulted include: "Reaching Higher; Strategic Directions for Indiana," June 8, 2007, Indiana Commission for Higher Education; "Reaching Higher; Strategic Initiatives for Higher Education in Indiana," June 2008, Indiana Commission for Higher Education; "Reaching Higher; Strategic Initiatives for Higher Education in Indiana; State-Level Dashboard of Key Indicators," February 2010, Indiana Commission for Higher Education; "Performance (De-) Funding," Doug Lederman, December 28, 2009, *Inside Higher Ed*; "State Links University Funding to Lifting Graduation Rates," J.K. Wall, January 18, 2010, *Indianapolis Business Journal*; PRI staff telephone conversation with Commissioner Theresa Lubbers on October 25, 2010; PRI staff e-mail correspondence with commission staff completed December 7, 2010.

Each initiative is actually an area that encompasses several specific recommendations. The initiative areas are: degree attainment, affordability, K-12 involvement and preparation, community college improvement, major research universities' improvement, and accountability. These areas differed slightly from the strategic plan's areas of focus; they evolved with the board's discussions.

The initiative document also delineated five goal statements accompanied by six specific performance targets. The goal statements were slightly different from the initiative areas; they addressed degree attainment and retention, affordability, preparation, access, and economic contribution (as measured through federal research expenditures).

Board Revises and Tracks Performance Measures at State Level

The performance measures have evolved over the last few years. In January 2009, as part of Reaching Higher, ten performance measures were identified and described in the first annual "dashboard" report. The measure areas were: preparation, affordability, completion (enrollment and degree attainment), and economic contribution. Two measures specifically name certain institutions. One calls on two community colleges to improve degree attainment and transfer to four-year colleges or universities by certain amounts. The other instructs certain universities to reduce the level of remediation to ten percent.

The 2010 dashboard added two measures – for a total of 12 measures – and made a few other, smaller changes.

Progress on the performance measures has been mixed. Of the 12 performance measures listed in the 2010 dashboard, there was improvement on six, mixed performance on three measures (which had multiple sub-measures), and no progress or decline on three other measures.

Recently the board worked with the National Center for Higher Education Management Systems (NCHEMS) to develop annual degree production targets through 2025 by degree type, sector (i.e., public, non-profit, for-profit), institutional mission, and campus. The combined targets aim to get the state to its overall goal of a 60 percent postsecondary education attainment rate. In 2011, the Commission expects to work with each of the state's higher education institutions to translate Indiana's annual statewide degree production goals, described in the subsection above, into comparable institution- and campus-level goals. Progress toward those goals will be tracked on an ongoing basis.

Board's Website Links to Some Institutional Performance Information

In addition to the state-level progress report, the board's website contains some institution-level information. First, it provides links to numerous outside sources of performance and descriptive data, including the National Center for Education Statistics and the Voluntary System of Accountability. Second, four institutions voluntarily submitted performance reports, including goals and measures, which are posted directly on the website.

In the next year, further institution- and campus-level performance information will become available, as progress toward new goals at those levels (as described above) is measured and reported.

Board Initiated Performance Funding

Performance funding was initiated by the Commission on Higher Education for the first time with the 2003 biennial budget. Beginning with the 2007 budget, relevant institutions were rewarded for students transferring to four-year institutions, time to degree completion, and credits attempted. In 2009, the same factors were considered, with an adjustment and addition. The credits attempted measure was replaced by credits successfully completed, and another new measure was degrees completed by low-income students. The precise measures are negotiated among the board, institutions, and legislators, as they are included in the budget language.

The Commission's staff estimates that about 6.8 percent of the state's support for institutions has been based on performance since the inception of the performance-based funding formula. Commission staff is currently preparing budget recommendations for the 2011-2013 biennium and expects to recommend an increase in the proportion of performance-based funding.

Institutional Performance Used to Allocate Budget Cuts

Indiana gained national attention for using performance in considering how much each institution's allocation should be cut under the 2009 biennial budget. The board successfully advocated for implementing cuts between 3.5 and 6.6 percent, instead of a uniform 5.5 percent, depending on institutional performance on the Reaching Higher measures.

Kentucky⁵⁵

Governor Initiated Reform Effort

After his election in 1995, Governor Paul Patton identified his number-one goal as improving Kentuckians' quality of life by raising family income to the national median. By all comparative measures, residents of Kentucky were undereducated and trailed in both income and health. The governor determined improvement of the state's postsecondary education system was necessary to advance the state's economy.

The governor consequently proposed and the legislature passed landmark legislation that restructured the higher education system. Key elements of this reform effort were:

- a strategic agenda with long-term goals;
- alignment of finance policy and incentive funding, with the strategic agenda;
- commitment of leadership; and
- a clear focus on accountability by using concrete goals and measurable results.

Kentucky's efforts are recognized as one of the most significant state-level higher education reforms in recent memory.

Governor's Task Force Assessed the System

In 1996, shortly after he was elected, the governor assembled a task force of legislators that included himself as chair, with a co-chair each from the Senate and the House of Representatives. The Governor's Task Force on Higher Education engaged a consultant to assess existing higher education institutions, policies, and organizational structures, and to assist the task force in shaping recommendations. The result was a report, *Postsecondary Education in Kentucky: An Assessment*, issued in March 1997, and a plan, released simultaneously, that set a framework for the changes that needed to be made.

Legislation Established Strategic Goals, Restructured Higher Education, and Provided Incentive Funding

Governor Patton called a special session of the General Assembly in May 1997 devoted exclusively to public higher education reform. The proposal created some and reconstituted other postsecondary education structures, set performance goals, and provided incentive funding. Debate during the session was fierce, but the Postsecondary Education Improvement Act (HB1) passed. The Act:

⁵⁵ Sources consulted include: "An Agenda for the 21st Century: A Plan for Post-Secondary Education," Paul E. Patten, Governor, March 1997; "Postsecondary Education in Kentucky: An Assessment," Report to the Task Force on Postsecondary Education, March 1997; "Summary of House Bill 1 as Enacted," Kentucky Council on Postsecondary Education, June 4, 1997; "Kentucky Postsecondary Improvement Act of 1997," General Assembly of the Commonwealth of Kentucky; "An Assessment of Postsecondary Education Reform in Kentucky," National Center for Higher Education Management Systems, October 15, 2002; "Postsecondary Education Reform in Kentucky," National Governor's Association Center for Best Practices, September 10, 2001; "Accountability Report 2008-2009," Kentucky Council on Postsecondary Education.

- created several entities designed to provide coordinated strategic planning for higher education: a strengthened coordinating board (the Kentucky Council on Postsecondary Education), a Strategic Committee on Postsecondary Education (SCOPE), a community and technical college system, and a virtual university;
- mandated different missions for universities in the system; and
- authorized and funded trust funds to provide financial incentives for system building behavior.

The Kentucky Council on Postsecondary Education's first responsibility involved the development of a strategic agenda, Vision 2020, to accomplish HB1's objectives. The strategic agenda and the accompanying Action Agenda 1999–2004 identified what was required to realize the legislation's long-term goals. Individual campus agendas for 1999–2004 were developed, with enrollment, retention, and graduation targets matched by comprehensive campus initiatives.

Results Reported Annually and Measured Against Five Questions

Results are measured by answering five key questions and examining progress in related areas. The council developed the questions and areas in response to the legislation's mandate for performance measures. Specific performance measures developed by the council to help answer these questions were finalized late fall 2001.

The strategic agenda is reassessed every four years, in accordance with the reform law. Typically this reassessment includes: an analysis of demographic, economic, and education data; input from the public through regional forums; and a series of meetings with state policy, civic, and business leaders to find out what's working and where the system can improve.

The current key questions, listed below, were revised somewhat in 2005:

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

In general, progress has been noted in each of the accountability reports. The latest published report, reflecting the 08-09 academic year, indicates that of the 27 measures related to the five questions, the system improved on nine indicators, declined on five, and held steady for four. Data was not available for eight measures that are reported only every other year. The remaining measure, ACT participation, is no longer useful because the test was recently made mandatory.

Lessons Learned

According to an issue brief developed by Kentucky's Council on Postsecondary Education and commissioned by the National Governors Association Center for Best Practices, the lessons learned are:

- leadership is paramount because a coordinated and continued effort among executive leadership is needed;
- secure a high-profile champion to link reform with a well-respected leader;
- focus on students, not the institutions;
- focus on innovating on the margins, where entrenched interests have less influence;
- concentrate on system issues not local issues, such as curriculum;
- involve the legislature;
- delegate management authority to universities;
- increase accountability in exchange for the devolution of authority to universities;
- benchmark performance against national standards;
- use financial incentives, such as competitive trust fund dollars;
- control the message;
- seek allies outside the academy, such as business and non-profit organizations; and
- link with K–12 to address issues that cross the traditional high school-university divide.

Ohio⁵⁶

Governor and Legislature Initiated Reforms: A Bipartisan Effort

Public dissatisfaction with higher education affordability and politicians' unhappiness about the sector's responsiveness spurred a series of dramatic changes in structure, direction, and funding.

The reforms began in spring 2007, when the Republican-dominated legislature passed and the Democratic governor signed legislation that mainly strengthened the higher education chancellor's power and profile. Specifically, the new laws:

- moved responsibility for chancellor appointment to the Governor, from the state's higher education coordinating body, the Board of Regents;
- gave the chancellor a five-year term;
- included the chancellor in the Governor's cabinet;
- made the Board of Regents an advisory board to the chancellor; and
- required the chancellor to develop plans for improving higher education in certain ways.

The governor followed up these reforms with a directive to create a University System of Ohio. In addition, the directive specified the chancellor's statutorily required plan was to cover ten years. The institutions were able to view the directive before it was issued.

Public Higher and Adult-Oriented Education United Under One Coordinating System

The new University System of Ohio is composed of the state's public higher education institutions, adult education, and career centers, and headed by the chancellor. The reform was intended to make clear that all public education institutions and programs for adults are a single system, and give the chancellor some power over it. Institutions retained their governing boards.

Newly Strong Chancellor Developed Strategic Plan with Performance Measures

The chancellor, a former legislator named to the post in March 2007, began plan development immediately. Numerous long conversations were held with the business community, the state's higher education community, and national experts in the field. The chancellor, however, was ultimately responsible for the report's drafting and the performance

⁵⁶ Sources consulted include: "Directive to the Board of Regents," Ohio Governor Ted Strickland, August 2, 2007; "Strategic Plan for Higher Education 2008-2017," Ohio Board of Regents Chancellor Eric D. Fingerhut, March 31, 2008; "2010 Update on Ohio's Strategic Plan for Higher Education," Ohio Board of Regents, 2010; "Third Report on the Condition of Higher Education in Ohio; Meeting the State's Current and Future Needs Through a 'Student-Centered' University System of Ohio," Ohio Board of Regents, March 31, 2010; "Performance-Based Funding for Higher Education," Ohio Board of Regents; "Adopting Performance-Based Funding," David Moltz, *Inside Higher Ed*, April 30, 2009; "High Stakes in Ohio," Allie Grasgreen, *Inside Higher Ed*, October 27, 2010; "FY 2011 SSI – Formula Components, By Sector," PowerPoint e-mailed from Board of Regents staff to PRI staff on November 18, 2010; PRI staff telephone conversation with Board of Regents Press Secretary Rob Evans on October 27, 2010; PRI staff e-mail correspondence with same person completed on November 18, 2010.

measures chosen, in accordance with the laws. The strategic plan was submitted at the end of March 2008, after seven months. A companion report that assessed the state's higher education strengths and weaknesses was issued simultaneously.

The strategic plan set forth three main goals, with specific targets for each: increasing degree attainment, improving retention of college graduates, and attracting more degreed people from other states. Twenty performance measures were divided into four categories: access, quality, affordability and efficiency, and economic leadership. Annual progress reports are issued at the state level. The most current report indicates improvement on 14 measures, decline in three measures, and data unavailability for three other measures.

Funding Shifted to Nearly 100% Performance-Based, for Universities

The strategic plan recommended funding shift from an enrollment basis to promoting collaboration and improved student outcomes. There previously had been only limited performance funding, in the form of small supplemental grants, so this new proposal was radical. After many conversations with the higher education community, the chancellor introduced a new funding system. Several higher education personnel groups endorsed the proposal, partially because it included a slight increase in overall funding for the sector.

Beginning in FY10, the 13 university main campuses' funding has been calculated based on course completion and degree completion, with degree completion scheduled to become a larger share over time. Graduate education funding will be determined by examining degree completion, research expenditures, and other factors. Students who are low-income and/or enrolled in STEM programs are more heavily weighted. There is a stop-loss provision that ensures no more than 1% of funding can be lost annually.

In the same budget year, the 24 university regional campus' funding began to rely on course completion. The chancellor's office aims to add degree completion in future years.

Starting FY11, for the state's 23 community colleges, a small portion – just five percent – of funding will be performance-based. A collection of measures attempts to capture performance at a number of milestones: moving from remedial to college credit coursework, earning 15 and 30 credits, associate degree attainment, and transferring for the first time to a four-year institution after finishing 15 credits at the community college.

Several Factors Supported Progress

Staff from the chancellor's office attributed the state's higher education progress to:

- assigning responsibility for the initiative to the chancellor – and giving him the profile necessary to carry out the work;
- clearly communicating the message that the state's needs are what's most important, and selecting clear goals and measures that are easily, widely understood;

- keeping higher education, business, and political communities informed of efforts and working to build consensus; and
- enjoying bipartisan support.

Oklahoma⁵⁷

Coordinating Board Launched Planning Effort

The Oklahoma State Regents for Higher Education led an effort to do long-term planning. The Regents initiated the effort because they believed a long-term system plan would improve higher education quality, access, efficiency, accountability, and funding. In summer 1996, the group began informal discussions, and the next steps took shape at the September strategic planning retreat. A series of initiatives and reports resulted.

Citizens' Commission Formed, Issued Recommendations

The Regents formed a 36-member Citizens' Commission, led by the Regents' chair, in October 1996. All levels of education, business, and communities were represented, and elected officials were included. The commission was assisted by the Regents' staff.

The group met several times to study higher education demographic trends (called "markets"), technology, funding, administration, and role in economic development. The following October, the Commission delivered their findings and recommendations to the Regents, covering each area of study. The key recommendations were:

- improve students' computer literacy, integrate technology into classes and how students are served, and make more coursework available online;
- launch a public relations effort to explain higher education options and financial assistance, and expand activities funded by the federal college preparation grant GEAR UP;
- actively improve higher education's contribution to economic development through entrepreneur training, applied research, and closer cooperation with businesses and the state economic development office;
- increase both overall and performance funding;
- begin joint efforts to yield economies of scale;
- set broad policy, only, at the Regents level; and
- determine and publicize quality indicators.

Coordinating Board Implemented Recommendations, Launched Additional Initiatives

The Regents carried out many of the commission's recommendations. The specific actions were detailed in their June 2000 final report on implementation.

⁵⁷ Sources consulted include: "Citizens' Commission on the Future of Oklahoma Higher Education; Final Report and Recommendations," October 1997; "Brain Gain 2010; Building Oklahoma Through Intellectual Power," Oklahoma State Regents for Higher Education, January 29, 1999; "Final Report on the Implementation of Recommendations Made by the Citizens' Commission on the Future of Oklahoma Higher Education," Oklahoma State Regents for Higher Education, June 2000; "Key Indicators of Accountability," Oklahoma State Regents for Higher Education, 2004, 2006, and 2008; "2010 Public Agenda; Improving Our Future by Degrees," Oklahoma State Regents for Higher Education, 2010; PRI staff e-mail correspondence with State Regents' Communications staff member Ben Hardcastle, completed November 15, 2010.

One key aspect of the Regents' work is the Brain Gain 2010 project, started in January 1999. A specific degree attainment target was set, and additional goal areas – retaining Oklahoma's college graduates and attracting degree holders from other states – were also included. Two key strategies to accomplish the attainment goal were improving financial assistance and college preparation, through GEAR UP, a new mentoring program, and Oklahoma's Promise. Oklahoma's Promise is a scholarship program that helps pay tuition for students from low- to middle-income families who apply in their 8th through 10th grade years, complete certain coursework while maintaining a C average, and stay out of trouble.

Other unique initiatives launched by the Regents over the last ten years include:

- a degree completion program for working adults starting with some college credit;
- a website for college planning as well as application submission;
- standardized assessments of college readiness for eighth and tenth graders;
- concurrent enrollment for upper-level high school students; and
- having a Regents' division charged with assisting the state's commerce department in company recruitment and expansion.

In 2005, the Regents began to annually publish a brief public agenda document. Generally, the key goals and objectives remain the same. Over the last two years, the goals were improved access, quality, number of college graduates, and college and workforce preparation. The document profiles initiatives and actions taken. The agenda is the product of the Regents' ongoing strategic planning process. The process involves the board staff and chancellor studying specific areas, under the guidance of an outside facilitator. The Regents are then briefed on the findings and suggested revisions.

Board Set Performance Measures, Reported Biennially

Performance measures were first set in 2004, with the first publication of the biennial "Key Indicators of Accountability" report. Data charts and initiatives underway were included. The measures address: high school student preparation, college enrollment, graduation rates, degree completion, licensure pass rates, affordability, and economic impact of higher education. The Regents selected the measures, which are based on the National Center for Public Policy and Higher Education's "Measuring Up" report card.

Progress on the measures has been good, though mixed. The last biennial performance report, issued in 2008, showed improvement or continued high performance on seven measures, and no progress or decline on four. A 2008 update on Brain Gain progress showed that progress on enrollment and graduation has been slow and mixed, but marked improvements in retention and attraction of college graduates.

Board Took Initiative to Begin Issuing Small Amount of Performance Funding

Since FY03, a few million dollars has been annually distributed among all institutions that meet certain performance targets. The measures are degrees conferred, retention rate, graduation rate, and two measures specific to the institution and relevant to Brain Gain that are selected each year. The performance funding amounts to less than one percent of the institution's state allocation.

Texas⁵⁸

In October 2000, the Texas Education Coordinating Board adopted “Closing the Gaps by 2015” plan. The plan is directed at closing educational gaps within Texas as well as between Texas and other states. It has four goals, to close the gaps in:

- student participation;
- student success;
- excellence; and
- research.

The Closing the Gaps plan includes strategies for reaching each of the goals and an annual performance measuring system that contains 18 targets. A planning committee that included board members, business community representatives, and community leaders developed the plan with input from the public.

The board produces an annual statewide progress report. The improvement in individual institutions is also measured and reported. Goals for 2015 were set relative to 2000 benchmarks. To assess progress toward meeting the goals, intermediate targets for 2005 and 2010 were identified. The most recent report indicates that 10 of the 18 targets are on or above target.

Coordinating Board Initiated New Plan in 1999

Participation and success rates at Texas colleges lagged significantly behind those of comparable states in the late 1990s. In March 1999, the Texas Higher Education Coordinating Board determined that the state needed a new plan for higher education. The new plan would concentrate on the most critical goals, set a date to reach those goals, and create a means to measure the state’s progress.

In April 1999, a coordinating board planning committee was formed. The group consisted of board members as well as business community representatives, community leaders, and former higher education governing board members.

The planning committee formed four task forces that each focused on an issue: civil rights; student participation and success; health professions education; and economic development and technology workforce. The task forces held public meetings and hearings. They presented recommendations to the planning committee by June 2000.

In September 1999, a consultant (the Council for Aid to Education/RAND Corporation) was awarded a contract to perform a priority and efficiency analysis of higher education programs and services. It provided reports to the coordinating board in 2000.

⁵⁸ Sources consulted include: “Closing the Gaps by 2015,” Texas Higher Education Coordinating Board, October 2000; “Closing the Gaps Progress Report,” Texas Higher Education Coordinating Board, June 2010; “Accountability in Higher Education: Promoting Excellence in Texas Public Universities through Institutional Groupings, Peers, and Benchmarks,” Texas Higher Education Coordinating Board, 2002; “Push for Performance,” *Inside Higher Ed*, November 2, 2010; “Formula Funding Recommendations, 2012-2013 Biennium,” Texas Higher Education Coordinating Board, June 2010; “Texas Higher Ed Commissioner on Closing the Gaps,” *The Texas Tribune*, June 17, 2010.

In July 2000, the Coordinating Board reviewed, modified, and distributed the draft higher education plan for comment. By September, the Planning Committee made changes to the draft plan based on comments received.

Four Specific Goals Established in 2000 to Close Gaps by 2015

In October 2000, nearly a year and one-half after they began, the Coordinating board approved the Closing the Gaps Higher Education Plan, which set the following targets:

- *Goal 1: Close the Gaps in Participation.* By 2015, close the gaps in participation to enroll 630,000 more students.
- *Goal 2: Close the Gaps in Success.* By 2015, award 210,000 undergraduate degrees, certificates and other identifiable student successes from high quality programs.
- *Goal 3: Close the Gaps in Excellence.* By 2015, substantially increase the number of nationally recognized programs or services at colleges and universities in Texas.
- *Goal 4: Close the Gaps in Research.* By 2015, increase the level of federal science and engineering research and development obligations to Texas institutions to 6.5 percent of obligations to higher education institutions across the nation.

Coordinating Board Developed Measures and Institutions Provided Initial Targets

The plan requires the development of a performance system to determine progress in meeting the goals. Coordinating board staff developed performance measures in consultation with the higher education institutions. Annual progress reports are published by the board.

The specific statewide goals are broken down into each institution's contribution. The board requested that each institution provide initial targets by June 30, 2001. Institutions are allowed to update the targets as necessary through the life of the plan, which ends in 2015. In some cases, institutions will not pursue particular targets identified in the plan, or some targets in the plan will not apply to an institution. The targets established by each institution, when combined, should reach the intermediate and final goals in overall Closing the Gaps by 2015 plan.

Over Half of Targets Show Progress

There are 18 targets associated with the Closing the Gaps plan, and progress is positive on ten measures. Numerical goals have been established and progress for most goals is measured relative to a linear target trend line. Progress is defined on a five point scale that ranges from Well Above Target (i.e., 10 or more percent above) to Well Below Target (10 percent or more below). The most recent progress report (July 2010) indicates that:

- five measures are Well Above Target;
- three are Somewhat Above Target;
- two are On Target;
- three are Somewhat Below Target; and
- five are Well Below Target.

Board Proposes Outcomes-Based Funding Formula

In October 2010, the Texas coordinating board proposed two types of outcomes-based funding formulas – one for community colleges and one for public universities -- to be implemented by 2013 if approved by the governor and legislature. The board has asserted that this funding approach will assist in reaching its Closing the Gaps goal of graduating 210,000 more students annually by 2015.

Essentially, the model for public universities would tie 10 percent of their base funding to measures related to the award of bachelor's degrees. Several factors would be used to allocate the 10 percent funding amount: total number of bachelor's degrees awarded; number of degrees awarded in critical areas such as STEM and nursing; number of degrees awarded to at-risk students; and the institution's six-year graduation rate.

For community colleges, the funding formula would be based on the achievement for certain milestones, including completing a first-year college-level math or English course, completing 15 credit hours, completing 30 credit hours, earning a credential, and transfer to a four-year institution.

For both types of institutions, the remaining 90 percent of funding would continue to be allocated based on enrollments.

Appendix F

Table F-1. Comparison of Statutorily-Required Higher Education Goals

<i>Concept</i>	<i>BGHE Master Plan to be Consistent with Following Goals C.G.S. Sec. 10a-b(b)</i>	<i>Goals to be Measured in Accountability Report C.G.S. Sec. 10a-6b</i>	<i>Blue Ribbon Task Force Strategic Master Plan Promoting These Overall Goals C.G.S. Sec. 10a-11b(3)(b)</i>
Access	Ensure that no qualified person be denied the opportunity for higher education on the basis of age, sex, ethnic background or social, physical or economic condition	Ensuring access and affordability of higher education	<ul style="list-style-type: none"> • Ensure equal access and opportunity to post-secondary education for all state residents • Improve access to higher education for minorities and nontraditional students, including, but not limited to, part-time students, incumbent workers, adult learners, former inmates and immigrants
Quality	Maintain standards of quality ensuring a position of national leadership for state institutions of higher education	Enhancing student learning and promoting academic excellence	Promote student achievement, including student performance, retention and graduation
Economic Impact	Provide opportunities for education and training related to the economic, cultural and educational development of the state	Promoting the economic development of the state to help business and industry sustain strong economic growth	Promote economic competitiveness in the state
Respond to Society's Needs and Challenges	Apply the resources of higher education to the problems of society	Responding to the needs and problems of society	

Table F-1. Comparison of Statutorily-Required Higher Education Goals

Concept	<i>BGHE Master Plan to be Consistent with Following Goals</i> <i>C.G.S. Sec. 10a-b(b)</i>	<i>Goals to be Measured in Accountability Report</i> <i>C.G.S. Sec. 10a-6b</i>	<i>Blue Ribbon Task Force Strategic Master Plan Promoting These Overall Goals</i> <i>C.G.S. Sec. 10a-11b(3)(b)</i>
Efficiency	Assure the fullest possible use of available resources in public and private institutions of higher education	Ensuring the efficient use of resources	
State Support			Ensure the state’s obligation to provide adequate funding for higher education
Flexibility	Foster flexibility in the policies and institutions of higher education to enable the system to respond to changes in the economy, society, technology and student interest.		
Improve K-12 Ed.		Joining with elementary and secondary schools to improve teaching and learning at all levels	
Academic Freedom	To protect academic freedom		
Source: Cited statutes; PRI created Concept categories			