POLICY LEADERSHIP IN HIGHER EDUCATION

A Thesis

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Abstract

of

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Alex Graves

Public higher education systems in the United States are confronted with the need to

change. Today's global economy increasingly requires an educated workforce, meaning

that there is a growing need for universities to not just enroll students, but to ensure they

complete their studies and enter the workforce with a degree. Recognizing this,

policymakers, university leaders, and higher education advocates have explored various

ways to bolster student completion. While recognizing the need to improve student

outcomes, these efforts are not without challenges. Public universities can vary greatly in

their student demographics, institutional resources, governance structures, and

institutional leadership, among other factors. Crafting and implementing state level policy

reforms that boost student completion requires strong policy leadership.

This thesis examines policy leadership within three states: Indiana, Oregon, and

Tennessee. I attempt to discern the key features of leadership in policy development that

impact successful implementation of higher education reforms and analyzes the relevancy

of other states' reforms for California. I collected qualitative data via interviews with

individuals familiar with the specific state reform efforts. Interview participants were

asked a series of standardized, open-ended interview questions informed by a review of

existing literature regarding higher education, and their responses were analyzed to identify commonalities, both within states and among the policy leadership efforts across all three states.

In my research, I identified and discussed five reoccurring themes in the policy leadership efforts in all three states:

1. A belief in the need for better outcomes;

2. Framing improved outcomes as a driver of state-level economic development

3. Strong policy leadership guides the policy development and implementation;

4. The utilization of stakeholder engagement; and

5. The involvement of outside organizations in state-level efforts.

After discussing these five commonalities, this thesis concludes by assessing the implications of these findings for future policy leadership efforts in California.

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INTRODUCTION

The U.S. systems of higher education are experiencing an identity crisis. Specifically, public higher education is confronted with a fundamental shift in expectations for its systems. In the first half of the twentieth century, these systems were created and expanded with help from the federal government, with the primary focus being to increase the number of Americans who attended college. While the focus on increasing the number of students entering the higher educational pipeline was appropriate for the needs of the time, there are many indications that the focus of policymakers and university administrators has expanded beyond just providing access to students. Around the country, colleges and universities are experimenting with ways to retain and graduate more students. Examples include providing electronic advising (or e-advising) to help students stay on track academically, identifying students in need of remedial education before they begin taking courses, providing more online courses and mixed models that integrate in-class lecture time and remote learning, and public awareness campaigns designed to encourage students to take a full course load each semester.

With an economy that is increasingly knowledge-based and global in scope, our nation's needs have changed from creating greater access to higher education to now needing a greater proportion of the population to not just enroll in higher education, but to graduate with a degree. The fastest growing job sectors require workers with more than

just a high school diploma (Carnevale and Desrochers, 2003), but current graduation rates indicate there could be a shortfall of five million workers by 2020, due to a lack of workers with educational requirements for the jobs of the twenty-first century (Carnevale et al., 2013). Consequently, simply enrolling students is no longer sufficient for university systems. To meet the needs of both students and employers, higher education systems in the United States cannot just educate more students; they must also support successful completion for a greater number of them.

Changing higher education institutions and systems to meet this demand is not without challenges. Institutions are comprised of multiple departments, programs, and colleges, each of which may operate independently of one another. Within large public systems such as the University of California (UC) and California State University (CSU), individual institutions vary greatly in terms of their leadership, student population and demographics, persistence and graduation rates, levels of student support services, and institutional resources. Making changes to these institutions may require state policy leadership, as reforms and policy changes may be beyond the scope of individual institutions or systems of higher education. This thesis examines policy leadership within three states, attempts to discern the key features of leadership in policy development that impact successful implementation of higher education reforms and analyzes the relevancy of other states' reforms for California.

I examined higher education reforms in Indiana, Oregon, and Tennessee and reviewed both the policies and the extent that leadership led to a successful reform. These states were chosen for purposes of examining three distinctly different examples of

higher education reform, and also to compile a diverse group of states, given the sample size – both in terms of their size and geography and the types of reforms that were implemented. In Indiana, I examined a change in financial aid policy designed to increase four-year completion rates in the state's two largest financial aid programs. I selected this because on-time completion is a timely issue in California, and the financial aid programs in Indiana were primarily targeted at low-income students, who tend to be less likely to attend and complete college. In Oregon, I examined overarching changes in the governance of their public universities, in which individual universities were granted greater institutional autonomy in exchange for meeting achievement benchmarks. The impact of governance structures on universities is a topic of interest in higher education literature (as discussed in Chapter 2). It is also extremely relevant in California, which has three large public university systems that operate independently of one another. In Tennessee, I examined the development of a master plan for higher education in the state that was designed to refocus policymakers and the higher education community around increasing completion rates. While California has its own master plan for higher education, it was created in 1960, and there are reasons to believe that it may be time for a similar refocusing in the state.

By examining the policy leadership around each of these reforms, I intend to identify commonalities that can inform future efforts in California. This exploratory study is intended to provide answers to my primary and secondary research questions. The primary question is: what kinds of policy leadership actions have been taken in other states, and by whom, that led to statewide higher education reform? This question is both

important and relevant here in California, as multiple research and advocacy

organizations – including the National Center for Public Policy and Higher Education and

Public Policy Institute of California (PPIC) – have cited the need for improved policy

leadership in higher education. This question will help address my secondary research

question: what can California policymakers learn from these efforts, and what

implications do these findings have on future policy leadership efforts in the state?

California is one of just two states that do not have an entity tasked with providing policy

leadership and coordination for policymakers and higher education institutions

(California Competes, 2013). By identifying and applying lessons learned from other

states, California policymakers stand to gain a critical understanding of the need for and

importance of policy leadership in the state.

The remainder of this chapter provides important background information,

including a brief overview of higher education in the United States, types of higher

education governance structures, the California Master Plan for Higher Education, and

the current state of higher education, both nationally and in California. The last section of

this chapter outlines the remaining chapters of the thesis.

Higher Education in the United States

Federalist System, State Responsibilities

Unlike many other industrialized countries, the U.S. education system (both K-12

and postsecondary) is primarily a responsibility of the individual states, rather than the

federal government. The Constitution does not include any reference to education,

indicating that the federal government instead has a secondary role (Gladieux et al., 2010;

Richardson et al., 1999). As such, in this federalist system, states and localities assume responsibility for everything from establishing schools and colleges to developing curriculum and requirements for graduation (U.S. Department of Education), while the involvement of the federal government includes supporting institutional research, monitoring issues related to access and equity, and providing direct student financial aid (Gladeiux et al., 2010). Without the direct involvement of the federal government to coordinate and govern, higher education systems in the United States therefore vary considerably from state to state. These systems are developed and managed by state policymakers, who have the authority to set policies for its universities and colleges.

Higher Education Systems Unique to State Context

As of 2000, there were approximately 3,700 degree-granting colleges and universities in the U.S., including research and doctorate-granting institutions, broad access four-year universities, community colleges, liberal arts colleges and technical institutions (National Science Board, 2004). Within each state, higher education systems have grown and evolved within the context of the state's historical development, political culture, economy, and the unique needs presented by the demographics of their populations. For example, to compare two large, ethnically diverse states, the system of higher education in New York is very different from that of California. New York's 271 public, independent and proprietary colleges and universities are members of The University of the State of New York, which oversees all education in the state, from prekindergarten through postdoctoral. Within that structure, colleges and universities fall within one of two public university systems: the State University of New York (SUNY)

and the City University of New York (CUNY). SUNY and CUNY are each governed by a Board of Trustees, and the institutions they govern are broken down geographically. SUNY oversees 34 four-year universities and 30 community colleges across the state, while CUNY oversees 13 four-year universities and six community colleges within New York City. As of the fall of 2011, the two systems had a combined total headcount enrollment of more than 731,000 students (New York State Education Department, 2014).

Conversely, higher education in California is structured much differently. The state has three large, public university systems – the UC, CSU, and California Community Colleges (CCC) – that are governed not by where the colleges and universities are located geographically, but by the types of institution they are. The UC system is governed by a Board of Regents that oversees a system of 10 four-year research and doctorate-granting universities with over 233,000 enrolled students. The CSU system is governed by a Board of Trustees that oversees 23 broad access four-year universities with 447,000 enrolled students. Lastly, the CCC system is comprised of 112 two-year associates-granting colleges governed by 72 local community college boards, with a combined enrollment of more than 2.1 million students – making it the largest system of higher education in the country.

The Role of the Federal Government

The federal role in direct financing of education is secondary to the states. According to the U.S. Department of Education, just 10.8% of the $1.15 trillion spent nationwide on education at all levels in 2011-12 came from the federal government, with

funding coming not just from the Department of Education, but other agencies such as the Department of Health and Human Services' Head Start program, and the Department of Agriculture's School Lunch program. In the area of higher education, funding levels highlight these responsibilities: in the early 1990s, the federal government provided approximately 12% of higher education finances, with state and local governments funding 30% (Hauptman, 1993). However, the federal government does provide significant amounts of financing in the form of federal student financial aid and research funding for universities. According to Longanecker (2003), three-quarters of student financial aid comes from the federal government. In terms of money spent, this included "$10 billion in student grants, $7 billion in tax credits to students and their families, and $1 billion in work-study funds" (p. 9). Additionally, the federal government provides $15 billion annually to research universities through various federal departments and agencies.

However, this does not mean that the federal government has not played an important role in the development of higher education policy. The federal government has repeatedly passed legislation that significantly aided the expansion of higher education in this country. Prominent examples include the Morrill Land-Grant College Acts of 1862 and 1890, passage of the GI Bill in 1944, and the Higher Education Act of 1965. The Morrill Land-Grant College Acts were based on two underlying principles: that higher education "should be widely accessible…and practical" (Staley, 2013). The 1862 Act "marked the first federal aid to higher education…and laid the foundation for a national system of state colleges and universities" (U.S. National Archives & Records

Administration, 1995, p. 57). It created land-grant universities across the country through the donation of federal lands to states and territories, for purposes of establishing universities that could educate individuals in agriculture, mechanics, and military tactics, and the sciences. The 1890 Act furthered this, through the creation of 17 historically black colleges and universities in the post-Civil War South. Today, universities such as the Massachusetts Institute of Technology (MIT), Virginia Tech, Nebraska, Clemson, Washington State, Cornell and the University of California are just a few of the many institutions founded via the land-grant acts. The acts were significant in expanding higher education in the United States, with the Association of Public and Land-Grant Universities estimating that, as of 2012, its member institutions enrolled just under 4.6 million students (St. Clair, 2014).

While the Morrill Acts expanded the infrastructure of higher education, the Servicemen's Readjustment Act of 1944 – more commonly referred to as the GI Bill – contributed to the rapid expansion in enrollment following World War II. Administered by the U.S. Department of Veterans Administration, the GI Bill provided those returning from the armed forces education and training, loan guarantees for homes, farms and businesses, and unemployment pay. Between 1945 and 1946, GI enrollment grew from approximately 8,000 to over one million, and at its height in 1947, veterans accounted for almost half (49%) of college admissions in the U.S. (Staley, 2013; U.S. Department of Veterans Affairs). By the time the original GI Bill ended in 1956, an estimated 7.8 million of the 16 million World War II veterans "had participated in an education or training program" (U.S. Department of Veterans Affairs). This allowed millions of U.S.

citizens the opportunity to pursue higher education, and provided millions of students to the growing higher education systems.

In 1965, then-President Lyndon B. Johnson signed the Higher Education Act (HEA), which was designed to increase opportunities for graduating high school students to attend college. To achieve this, the HEA created "grants, loans and other programs to help students acquire education beyond secondary school" (National TRIO Clearinghouse, 2003). The legislation created need-based scholarships up to $1,000, work study up to $400 a year, and interest free loans for students. In his remarks during the signing ceremony at Texas State University-San Marcos, President Johnson noted that 1.3 million of the 2.7 million high school graduates the prior year did not attend college, and stated that "education is no longer a luxury…education in this day and age is a necessity" (Texas State University, 2008). Similar to the Morrill Acts and GI Bill, this legislation was a continuation of federal policies designed to expand access to higher education in the U.S.

While each of these federal acts helped spur an increase in college availability by increasing the number of universities and making higher education more accessible, state policymakers were the ones that had to manage and oversee the development and growth of their higher education systems. This section provided an overview of the federal role in expanding access in higher education. Chapter 2 further discusses higher education in the U.S., including the challenges of growth, the impact of governance structures, and changes in state investments and the declining educational advantage of the U.S. workforce relative to other industrialized countries. The remainder of this chapter

highlights the common means through which states have attempted to manage higher education systems, and provides an overview of the historical genesis of higher education systems in California.

California's Master Plan for Higher Education

The vision for California higher education was established in 1960. That year, California passed the Donahoe Higher Education Act, which implemented the *California Master Plan for Higher Education 1960-1975*. Designed to ensure access to higher education for Baby Boomers, the Master Plan was considered progressive and forward thinking at the time, and was a model higher education structure for over 30 years (Little Hoover Commission, 2013; Finney et al., 2014). It provided the framework for the delineation of California's higher education system, and established a coordinated and "coherent system" of colleges and universities by establishing clear goals and functions for the UC, CSU, and the CCC systems (University of California, 2009). Both the UC and CSU systems were to be overseen by their own governing bodies: the UC Board of Regents and the CSU Board of Trustees. The community colleges were designed differently, and are instead managed under a system of 72 local community college district boards. It established that UC would accept the top 12.5% of the state's high school graduates, and that its universities would be the primary doctorate granting and research institutions within the state. Similarly, it established that CSU would accept the top third of high school graduates and grant bachelors and masters degrees. The state's community colleges would be accessible to anybody eighteen years of age or older "capable of profiting from the instruction offered" and grant associates degrees

(California State Department of Education, 1960, p. 70). It also outlined the right to tuition-free access for all eligible Californians, with modest student fees for services.

In addition to outlining governing boards and the student pools each system would draw from, the Master Plan also established the Coordinating Council for Higher Education (later renamed the California Postsecondary Education Commission). The purpose of the Coordinating Council for Higher Education was to provide coordination among the three systems in order to avoid duplication of efforts and ensure the missions of the systems remained distinct. The Coordinating Council for Higher Education was conceived as a 12 member advisory body, with equal representation from the UC, CSU, CCC, and independent universities (California Master Plan for Higher Education, 1960, p. 20). This body was tasked with reviewing annual budget and capital outlay requests, advising the Governor, interpreting mission differentiation between systems, conducting long-term planning for the growth of higher education, and recommending new facilities and programs. In 1973, the Legislature replaced the Council with the California Postsecondary Education Commission (CPEC), which continued to provide "research-based policy advice on higher education issues" to the Governor, the Legislature, and higher education systems of California, while also collecting and maintaining enrollment, cost, degree and other data (CPEC, 2011). As discussed in Chapter 2, in 2011 Governor Jerry Brown eliminated all funding for CPEC in the midst of severe state budget deficits and doubts about its effectiveness, and today it exists only in state statute.

<u>Overview of Thesis</u>

This chapter provided a brief overview of the development of higher education in the U.S., including how national needs have shifted from greater access to increased completion. This chapter also summarized the historical genesis of higher education systems in California. These are important contextual pieces that will be explored in greater detail in Chapter 2, which provides a foundation from which to examine reform efforts in Indiana, Oregon, and Tennessee. The focus of this thesis is to answer two questions. First, what kinds of policy leadership actions have been taken in other states, and by whom, that lead to statewide higher education reform? I intend to discuss implications from the first question for California through my secondary research question: what can California policymakers learn from these efforts, and what implications do these findings have on future policy leadership efforts in the state?

In Chapter 2, I review the existing literature on pertinent trends in higher education and policy leadership. The literature largely assesses these topics across all fifty states, drawing on both quantitative and qualitative studies to highlight major topics of interest in higher education. In addition to leadership, these topics include enrollment growth and associated challenges, higher education governance structures, shifting budget burdens in financing a college education, factors that influence state funding for higher education, workforce projections, and state-level attempts to change the trajectory of college graduates. These are all pertinent topics for state-level leaders as they consider higher education policy changes. In Chapters 3, I describe my research methodology. Chapter 4 includes a review and discussion of the results from my three case studies in

Indiana, Oregon and Tennessee. Each case study provides an overview of the identified higher education policy problem in that state, and highlights the key policy developments and reforms. For each state, I reference the insights of those familiar with policy reforms that were gathered via interviews. Chapter 5 identifies lessons learned that may be applicable to California, in the quest for improved state policy leadership for higher education.

Chapter 2

LITERATURE REVIEW

Higher education as it evolved in the U.S. is increasingly being re-examined by groups such as Complete College America, The Lumina Foundation, and The Bill & Melinda Gates Foundation (hereafter referred to as The Gates Foundation), as well as policymakers. Since the mid-20th century, the focus of much public policymaking about higher education was on expanding access, which was accomplished through a variety of federal policies. More recently, however, conversations around public higher education have shifted from increasing access to improving completion. These have been driven in part by calls for improved efficiency in public higher education, by workforce demands that increasingly require college-educated employees, and by students who are increasingly bearing the burden of financing their degree. This chapter examines existing literature on public higher education in the U.S. to better understand contemporary issues. It highlights the major shifts in national conversations regarding higher education across the nation and in the states, draws on relevant examples from state-level experiences, and outlines current issues in higher education in California.

Enrollment Growth and a Changing National Conversation: 1950s through 1970s

Enrollment Growth

By the 1950s, millions of World War II veterans who attended college under the 1944 GI Bill were raising families, and their children who would become the Baby Boomer generation were in pre-school and elementary school (Staley, 2013; Lingenfelter,

2012). The coming wave of Baby Boomers created a national environment in which

"demand for higher education was destined to grow exponentially" (Lingenfelter, 2012,

p. 2). As Baby Boomers began to reach adolescence in the 1960s, states increased their

focus on expanding access for this burgeoning demographic (California Competes, 2013;

Hearn and Griswold, 1994; Lingenfelter, 2012).

The expansion of access is evident in both enrollment and expenditure figures, as

seen in Figure 1. In the late 1950s, total enrollment in higher education nationally was

approximately 2.4 million; by 1975, it had increased nearly fivefold, to 11.2 million

(Lingenfelter, 2012). This enrollment growth subsequently contributed to an increased

share of the U.S. population that had a degree. In 1960, just 7.7% of the U.S. population

25 or older had a bachelor's degree; as recently as 2010, this figure had increased to

29.9% (California Competes, 2013). The investments made in higher education placed

the U.S. at a comparative advantage, internationally.
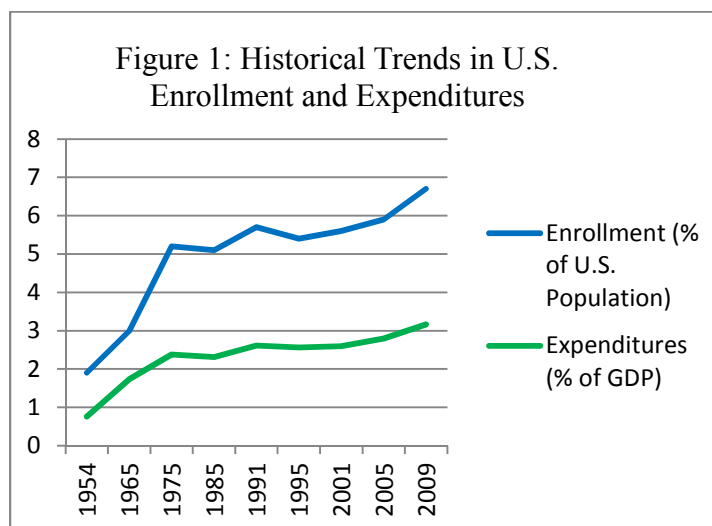
Source: National Center for Education Statistics (2010).

A Changing National Conversation

The expansion of access became an increasingly important national priority in the 1950s, and subsequently spurred concerns about how to effectively govern and coordinate the states' growing higher education systems. With states having primary responsibility for management of their public higher education systems, discussions about centralization and governance emerged as a trend in the 1950s and continued throughout the 1960s and 1970s (McLendon, Heller and Young, 2005; Goodall, 1974). Many policy experts were concerned that while higher education was growing and expanding, it was doing so in an uncoordinated manner (Goodall, 1974; Hearn and Griswold, 1994; McLendon and Ness, 2003). The common solution that emerged was the prolific growth of statewide, centralized governance structures for higher education institutions within individual states. In 1950, only 17 states had some form of consolidated state-level control of public higher education; by 1974, "only three of 50 states were without them" (McLendon and Ness, 2003, p. 68). Scholars have cited multiple reasons for this development. Hearn and Griswold (1994) contend the rationale for this solution was that these boards would help states make more informed and impactful postsecondary policy decisions, while Goodall (1974) asserted this development was a response to need for greater coordination and accountability in state higher education.

Governance Structures

With states having primary responsibilities for managing their higher education systems, it should come as no surprise that the ways in which states choose to oversee

these systems varied considerably. Factors that influence these include a state's

population, number of institutions of higher education, history, political culture,

availability of financial resources and other economic factors. As higher education

expanded dramatically following World War II, the system became more complex and

"increasingly, states experienced the need to establish a comprehensive, system-wide

higher education organizational structure" (Waller et al., 2000, p. 4). As state-level

coordination and/or oversight of these systems increased, similarities emerged in the

purpose and function of systems. Currently, state oversight of public higher education can

be broadly categorized into one of two types: coordinating boards and governing boards.

     Consolidated governing boards are the most powerful, in that campus governance

is highly centralized. They have distinct responsibilities for academic programs and

planning, financial security, the quality of their institutions, and serve as the singular

higher education representative in budget negotiations with governors and legislatures

(Middle States Commission on Higher Education, 2010; McLendon et al., 2007; Hearn

and Griswold, 1994; Richardson et al.,1999; Nicholson-Crotty and Meier, 2003).

Coordinating boards may serve as intermediary bodies between policymakers and higher

education systems, and may make recommendations to individual governing boards

regarding policies and programs, but they do not possess the same level of authority to

enforce decisions across an entire system (McLendon et al., 2007; Nicholson-Crotty and

Meier, 2003). Instead, their primary role is to assess broad state-level needs, rather than

advocate for institutional resources, and tend to "serve as liaisons between state

government and the governing board of individual institutions" (Waller et al., 2010, p. 7).

Nicholson-Crotty and Meier (2003) also noted that coordinating boards do not have independent status from the state government, and in some states the Governor is responsible for appointing the board's executive officer and/or board members. One example of this is in Florida, where in 2000 the Legislature replaced its powerful consolidated governing board with local ones for each of its 11 public universities, and made the Governor responsible for appointing the roughly 100 board members.

Both are common in the United States, with the North Carolina Center for Public Policy Research finding that 24 states could be characterized as having a higher education coordinating board, 24 could be characterized as having a governing board, and two (Michigan and Delaware) have neither (Waller et al., 2000; Nicholson-Crotty and Meier, 2003). However, California has subsequently eliminated their state coordinating entity, and currently has no such board. States do not fall into one type or the other strictly based on population demographics. Broadly speaking, coordinating and governing boards have similar membership size and membership demographics. According to a 2010 report by the Association of Governing Boards of Universities and Colleges (AGB), the average size of a statewide coordinating board is 12 members, compared to 10.5 for the average governing board. In both instances, approximately two-thirds of members are males, and the majority of members are over 50 years of age.

They do, however, vary considerably in the selection of board members; sixty-eight percent of coordinating boards have their members selected by gubernatorial appointment with legislative confirmation, compared to just 38% for governing boards (Toutsi, 2010, p. 8). Lastly, while no coordinating boards were found to have elected

members, 26% of governing boards have members selected via elections. This is an important distinction, as the breadth of appointment powers makes it possible to establish direct linkages between the Governor's office and the policy direction of those appointed, and gives governors some authority over the members (Nicholson-Crotty and Meier, 2003). In discussing appointed versus elected officials, Beyle (1995) noted that the power of gubernatorial appointment gives governors leverage that they lack over elected officials, who enjoy greater autonomy from the executive branch. Greater appointment powers represents a greater centralization of powers in the governor's office, and "enhances the capability of [the Governor] to perform an effective leadership role in public policy formulation and in management of the bureaucracy" (Bowman and Kearney, 1988). Therefore, the means of appointment on a governing board provides a governor with a tool to influence the policy direction of the system.

While multiple scholars have examined the impact of a state's governance structure on the development of public policies or budgets, there do not appear to be extensive or conclusive findings. McLendon et al.'s (2006) event history analysis of state adoption of various performance-based policies found legislative party strength and higher education governance structures were the two "primary drivers of state adoption [of] performance-funding and performance budgeting policies" (p. 11). They found that performance-budgeting policies were more likely to be adopted in states with greater Republican representation in the legislature and the absence of a consolidated governing board, and that states with less Republican representation and the presence of such a board were more likely to adopt performance-budgeting policies. These findings suggest

that Republican membership and consolidated governing boards are two potential drivers of performance budgeting policies. Hearn and Griswold (1994) suggested that states with centralized governance were more likely to impose mandatory undergraduate student assessments at public institutions. However, they also note that there was a "striking absence of systematic differences in innovation patterns" between states with consolidated governing boards and those with strong coordinating boards (p. 183).

Examining state postsecondary finance policies between 1981 and 1998, McLendon et al. (2005) found that states with planning agencies or weak coordinating boards were 6.8% less likely to innovate in postsecondary finance than states with more centralized boards. Nicholson-Crotty and Meier (2003) found that, other things being equal, the total costs for higher education in states with coordinating boards was 40% lower than other states, and that tuition was 52% lower than in states with consolidated governing boards. It may be possible that coordinating boards help state higher education institutions avoid inefficiencies such as duplicative programs and degrees – and perhaps facilitate better communication and sharing of best-practices – that allows universities in those states to better utilize resources towards educating students than in states with agencies or boards that have less authority. While additional research would be useful in supporting these findings, the apparent impact of governance structures provides policymakers with one potential tool for addressing higher education issues in their state.

A Decreasing Competitive Advantage and Shifting Cost Burdens: 1980s and 1990s

U.S. Competitive Advantage Slips Relative to Other Industrialized Countries

Higher education in the U.S. was characterized by the rapid expansion of access in the first half of the 20th century and the development of greater centralization in the 1960s and 1970s. More recently, postsecondary educational attainment in the U.S. has slowed relative to the rest of the industrialized world; in the 1980s and 1990s, postsecondary educational attainment rates have increased significantly less in the U.S. than in other industrialized countries (McLendon et al., 2005). In the past thirty years, the average industrialized nation has increased its postsecondary attainment by approximately 75%, which is more than double that of the U.S. (Brenneman, Callan, Ewell, Finney, Jones and Zis, 2010). While a greater share of high school graduates in the U.S. are enrolling in postsecondary education today – nearly 70% today versus 50% in 1980 – their completion rates have not kept pace with students in many other industrialized countries.

Examining higher education attainment of countries in the Organization for Economic Cooperation and Development (OECD), Hauptman and Kim (2009) found that the U.S. ranked third overall in attainment rates for workers aged 25-to-64. However, after disaggregating the data by age groups, a more troubling trend emerged. They found that the U.S. was first in attainment rates amongst those aged 55-to-64, but tenth for those aged 25-to-34. The Council on Foreign Relations had similar findings, noting that the U.S. ranked third worldwide in higher education attainment for those aged 55-64, but 13th for those aged 25-34 (2013, p. 2). This is important, as an increasingly globalized,

knowledge-based economy relies on an educated workforce. These trends suggest that as the older, more educated segment of the U.S. workforce retires, this human capital is being replaced by an influx of younger citizens who are less educated relative to their international peers. As policymakers seek to ensure their state economies remain strong and competitive, this disparity is a cause for concern.

*A Time of Shifting Investments in Higher Education*

Interestingly, this period was also one in which the responsibility for financing a college education was increasingly placed on students and their families. Between 1980 and 1992, the estimated federal share of revenues for public institutions decreased from 18% to 14%; however, data for public four-year institutions indicates that, between 2001 and 2011, federal appropriations have actually increased by approximately 13%. (Hossler, Lund, Ramin, Westfall, and Irish, 1997). While federal investments in higher education have stabilized and increased, state support for higher education has been on a decades-long decline. Archibald and Feldman (2006) noted that aggregate state support has decreased 30% since the late 1970s, with others making similar findings, as seen in Figure 2 on the following page.

With decreased state support and rising tuition and fees, evidence suggests that the costs of higher education have increasingly shifted from the state and federal government to students and their families. In their examination of state support, appropriations to higher education, and public tuition levels, Hossler et al. (1997) found that the "costs borne by students and families for financing higher education, in the form of tuition payments, have increased steadily from 34.4% in 1979 to 43.9% in 1992," and

that unmet student need has increased in all states (p. 164). A 2009 report by the PPIC

found that tuition and fees doubled in California between 1970 and 2001 in constant

dollars. The National Center for Public Policy and Higher Education reported in 2011

that tuition and fees had outpaced median family income in the majority of states, at both

two- and four-year institutions.

Figure 2: Higher Education Share of State General Fund Expenditures
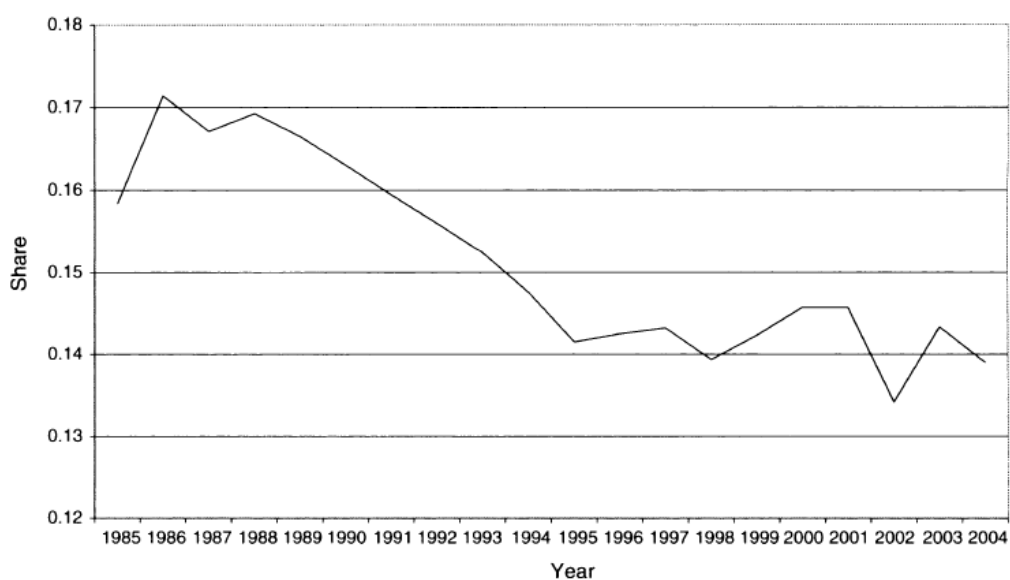
Source: Tandberg (2010).

Considering the aforementioned trends and evidence that the cost of attending

higher education has increasingly shifted from the state and federal government to

students and their families, this investment appears to be increasingly one made by

individuals, rather than governments. Abundant evidence suggests that higher education

is an investment that generates returns, both for the individual obtaining a degree and for

the state. For the individual, positive returns include higher lifetime earnings and

improved living standards, and a greater likelihood of retaining employment during an

economic downturn. For the state, positive returns include a more productive workforces, improved economic growth and competitiveness, and increased tax revenues produced by higher salaries and reduced unemployment (California Competes, 2013; Johnson and Sengupta, 2009; Uhalde et al., 2006). Yet state policymakers appear to be disinvesting in higher education at a time when the U.S. economy increasingly requires an educated workforce to meet job projections.

Workforce Projections Suggest Need for Improved Education Outcomes

Economic projections provide strong indications that the U.S. is going to have a significant shortfall of educated workers if public policies do not change. Carnevale and his colleagues have worked extensively on workforce projections for the U.S., and their findings are frequently cited by those advocating for a renewed focus on higher education attainment. A 2010 report entitled *Help Wanted: Projections of Jobs and Education Requirements Through 2018* estimated that the national economy would create 46.8 million jobs by 2018, of which 63% would require workers with at least some college education (Carnevale, Smith, and Strohl, 2010). Using a stock and flow model, they estimated that, by 2018, there would be a gap between the labor market demand and the supply of graduates produced by the U.S. postsecondary system of three million workers (p. 16).

They are not alone in their findings. Others have found evidence that a slowdown in degrees conferred is likely in the years ahead. Hussar and Bailey (2014) projected significant slowdowns in the number of degrees conferred for all degree types between 2010-11 and 2022-23. Comparing total degrees from two time periods – 1997-98 to

2010-11 and 2010-11 through 2022-23 – they projected the total number of associates degrees to increase 49%, down from a 69% increase in the earlier period. For bachelor's degrees, they projected an increase of just 17%, compared to a previous increase of 45%. They also projected the number of master's degrees to increase 36%, compared to a 68% increase between 1997-98 and 2010-11. While it is unclear if this slowdown itself can explain the shortfall projected by Carnevale et al., both studies suggests that a continuation of status quo in the U.S. higher education is not ideal.

Increased degree attainment is not just important for the U.S. economy and businesses; it also benefits those obtaining the degrees. A 2011 report found significant differences in lifetime earnings based on educational attainment. The median lifetime earnings was $1.3 million for those with a high school diploma, $1.5 million for somebody with some college but no degree, $1.7 million for somebody with an associate's degree, and nearly $2.3 million for somebody with a bachelor's degree (Carnevale, Rose and Cheah, 2011). This finding reflects those of Uhalde et al. (2006), who examined inflation-adjusted average earnings of adults 25 to 64 between 1975 and 2003. Their study found that real average earnings increased 19% for college graduates during this time, while they decreased 15% for high school dropouts and one percent for high school graduates. Carnevale et al. (2010) also found evidence that earnings for those with degrees have increased significantly, while earnings for those without degrees have fallen since 1970, creating class stratification. Examining income and educational attainment, they found that those without a college degree are increasingly unlikely to be

part of the middle-class; and conversely that those with a degree – be it an associates, bachelor's or higher – have been upwardly mobile.

State-Level Attempts to Change the Trajectory in Higher Education

With projections indicating a significant slowdown in degree attainment, states have undertaken a variety of policies in their attempts to improve outcomes in higher education. Reform efforts vary from state to state. Some states choose to address higher education issues with a piecemeal approach, while others instead develop broader reform efforts through the establishment of public agendas that identify state-specific needs and establish various goals, objectives and actionable steps that, if implemented, will meet those needs. Driven by what McLendon et al. (2006) refer to as "new accountability," many reforms are aimed at improving outcomes in higher education, through means such as the creation of longitudinal student data systems, state funding that rewards outputs, and governance reforms. Below are selected examples that highlight these reform efforts.

Public Agendas

Many states have chosen to develop public agendas for their higher education systems in order to develop more comprehensive, coordinated and effective approaches. While the specific strategies vary from state to state, these public agendas generally outlined a set of broad goals for a state's higher education, provided a series of potential public policy options that could help achieve the goals, and identified targeted metrics that could help define success and/or failure of goals. For example, the *Public Agenda for Illinois Higher Education* was "a planning blueprint for the state" designed to "direct state policies and resources to the higher education and career needs of Illinois residents"

to help address the state's workforce and economic needs (Illinois Board of Education, 2011). California does not have a public agenda. Until 2011, there was a statewide coordinating body – CPEC – which advised the Governor and Legislature on higher education programs, policies and capital expenditures, and would have been well-positioned to bring higher education stakeholders together to develop a similar public agenda. This is discussed in greater detail while examining issues in California higher education later in this chapter.

Data Systems

It can be challenging for state policymakers or higher education officials to understand how students are progressing through their systems. All states have historically had separate elementary, secondary and postsecondary education systems, making it virtually impossible to track cohorts of students across education systems; one strategy being pursued in a number of states is the development of longitudinal data systems that track student movement, from pre-school through college. Florida has been the pioneer in this area, as its State Department of Education has utilized linked P-20 data for thirty years; its current system is the Florida Longitudinal Data Systems Program. Their system utilizes unique student identifiers to track progress through not just education, but also links data between 26 state-level departments and agencies, including the Department of Children and Families, Department of Juvenile Justice, and Department of Corrections. By tracking progress on each student throughout their lives, the program provides critical data that can be disaggregated by racial and socioeconomic

indicators to help policymakers make informed, evidence-based decisions (Carson et al., 2010; Florida Department of Education; 2013).

While Florida's remains the most comprehensive system in the country, other states have instituted P-20 education data systems in recent years. In 2009, Illinois passed Senate Bill 1828, which created the P-20 Longitudinal Education Data System. It required the State Board of Education, Illinois Community College Board, and Board of Higher Education to jointly establish and maintain the system, which would link student records across all segments, from preschool through college (Education Commission of the States). Similarly, the state of Colorado passed multiple bills in recent years designed to improve and update the ability to track student movement through its education systems. These changes included the creation of unique statewide identifiers for each student, and the establishment of a statewide Education Data Warehouse for the Colorado Department of Education and school districts (Lopez, 2010). By developing these types of data systems, policymakers have access to meaningful data that can help them assess the cost of successfully educating students, the time to degree, the relationships between high school course-taking patterns and postsecondary success, and so forth, and provide analytical resources that can help them assess the impact of policy changes.

Outcome-Based Funding

Another way that state policymakers are working to increase the number of graduates its public universities produce is through outcomes-based funding models. Rather than providing state funding based on the number of students enrolled, which is the traditional model, some states have revised their funding models to reward

institutions for the number of students they graduate. Ohio is one such state that has pursued this strategy. Formed in 2012, Governor John Kasich directed the Ohio Higher Education Funding Commission to revise the state's funding formula so that it rewarded student success and completion. The effort to revise the higher education funding formula began when Governor Kasich asked Ohio State University President E. Gordon Gee to work with other university presidents to devise a formula for allocating $400 million for capital spending projects. Finalized in February, 2012, the plan funded projects such as a new chemical and biomolecular engineering building at Ohio State University. The subsequent satisfaction of university presidents and the success of the capital funding project provided the impetus to revamp the broader funding formula, which was passed as part of the budget bill – House Bill 59 – in June, 2013. The revised formula included:

- An increase in the percentage of the four-year university funding formula awarded on the basis of degree attainment (from 18% to 50%);

- A decrease in the percentage of the four-year university funding formula awarded on the basis of course completion (from 61% to 30%);

- An increase to the percentage of the two-year funding formula for success points (from 9 to 25%) and course completion (from 0% to 25%); and

- A decrease to the percentage of two-year funding formula for enrollment (from 78% to 50%).

Higher Education Issues in Modern California

Changing Missions

As discussed in Chapter 1, the Master Plan was both important and useful at the time of its passage; yet much has changed in California since 1960. However, while the three segments were initially charged with distinct differences in the degrees they granted, some CSU campuses now offer doctorate degrees in educational leadership, physical therapy, and nursing practice. The Legislature has also explored the possibility of a pilot program whereby community colleges would grant bachelor's degrees, via Senate Bill 850. Proponents, including the author of the legislation – State Senator Marty Block – asserted that addresses workforce needs. However, the California Teachers Association and Faculty Association of Community Colleges expressed concerns about how the proposal furthers 'mission creep,' referencing the deviation from what the Master Plan outlined for degrees offered by each segment of higher education (Kucher, 2014). Another recent instance of mission creep included the CSU system gaining the ability to offer doctorate degrees in specified fields. Such mission changes raise questions about the structure of California's higher education system: is mission change leading to duplicative programs across systems? Are these changes driven by workforce needs that are not being met under the original structure, or by systems' desires to expand their educational offerings? Perhaps most importantly, should these changes signal the need for a re-examination of California's higher education structure by policy leaders? These examples are highlighted not to criticize, but rather to note one recent trend in which we see significant deviation from the Master Plan as it was crafted in 1960.

Large Growth in Student Enrollment

With a population of just over 38 million people, the state of California contains roughly 12% of the country's people. When the Master Plan was developed, only 20% of 19-to-21 year olds were enrolled in college. By 2006, over half (51%) of Californians in this age group were enrolled (Johnson and Sengupta, 2009). Not surprisingly, total student enrollment has grown significantly. The UC system now has 233,000 enrolled students. The CSU system is the largest four-year university system in the country, with nearly 447,000 students, and the California Community College system has 2.1 million enrolled students. Similar to the national trends, a greater percentage of young adults are attending college. However, the growth in enrollment alone does not mean that the systems are producing enough graduates to meet modern workforce demands and future projections.

Enrollment Growth Alone Does Not Address Workforce Needs

Despite the large number of enrolled students, a significant number of them do not graduate, leaving the state with projected workforce shortfalls. The not-for-profit group Complete College America estimated that for every 100 students nationally who enroll in a four-year public university, only 14% graduated on time, and only 59% graduated within eight years. California graduation rates are similar. Complete College America estimated that 59% of California students enrolling in a four-year public university graduated within eight years. However, CPEC data indicate significantly different rates of success between UC and CSU systems. Of the 2001 entering student cohorts, 79.4% of UC students graduated within six years, compared to just 45.7% of

CSU students. According to the California Community Colleges Student Success Scorecard, 48.1% of students seeking a degree transferred or completed their degrees or certificates within six years.

While the percentages vary, workforce projections indicate a clear need for a greater number of college graduates, whether they graduate with an associate degree, bachelor's degree or certificate. Between 2008 and 2018, 5.5 million new and vacated jobs will be created in California, with 61% of them projected to require some form of postsecondary education (Carnevale et al., 2010). Other estimates vary. Johnson and Sengupta (2009) projected that California needs to produce 60,000 more baccalaureate degrees annually to meet the workforce needs of 2025, and the PPIC estimated the state needs one million additional college graduates in 2025. Lastly, California Competes examined the need for workers with some form of postsecondary credential (which could include associates degrees, not simply four-year degrees), and estimated California will need 2.3 million more workers with some form of postsecondary credential.

While the estimates vary, the assertion is the same: as the job market becomes increasingly dependent on an educated workforce, it becomes increasingly important that California's higher education system produce more graduates. California is not alone in its projected workforce shortfall. Carnevale et al. (2010) projected that, by 2018, 63% of jobs nationally will require postsecondary education, yet they estimated that just 19 states were on track to meet this workforce demand. This reflects a trend that began more than 30 years ago. In 1973, there were 25 million jobs that required some college education. By 2007, this number had increased nearly fourfold to 91 million jobs, while during the

same time the number of jobs for high school dropouts decreased from "roughly one-third to 11% [of available jobs]" (Carnevale et al., 2010, p. 14).

Shifting Demographics of Student Population

Major demographic shifts have also occurred since the original Master Plan, and these present challenges for meeting the aforementioned workforce projections. Nationally and in California, Latino and Asian populations are growing, while the Caucasian population is decreasing. In 1990, 57% of California residents were White, 25% were Latino, 9% were Asian and 7% were Black. As of 2012 Census data, the percentage of White California residents has decreased to 39.4%, while the percentage of Latino residents has increased to 38.2% and the Asian population has increased to 13.9%, with the Black population remaining relatively stable at 6.6% (Finney et al., 2014). These demographic shifts have implications for meeting workforce demands. Moore, Tan and Shulock (2014) found that while the number of degrees awarded per 100 undergraduates enrolled has increased for White, Asian and Black students since 2003, it has decreased for Latino students, and racial gaps still exist.

Current trends in student demographics and achievement rates indicate potential barriers to meeting workforce demands, suggesting that deliberate reforms might be needed. California's young population is increasingly comprised of ethnic minorities that have historically had lower levels of educational attainment. According to Moore, Tan and Shulock (2014), over half of students enrolled at K-12 public schools are Latino, and the non-White, working age population is projected to reach 70% by 2060. As the Baby Boomers age and leave the workforce, Latino students must increasingly replace these

retiring workers. Yet national data indicates that Latino students are historically less likely to graduate high school or pursue college, and for those who attend, persistent achievement gaps exist (Callan et al., 2006; Finney et al., 2014). Data from the U.S. Department of Education indicate that – whether attending a public, private, or for-profit institution –Latino students are significantly less likely to graduate from college. Between 1996 and 2004, six-year completion rates for Latino students grew from 45.7% to 50.1% for Latino students (U.S. Department of Education, 2012). While the increase in completion rates is encouraging, if California (and the U.S. as a nation) is to meet its workforce projection needs, a greater number of this growing demographic must not just enroll, but graduate with a degree.

Lack of a Statewide Body to Oversee Higher Education

While demographic trends provide one challenge, recent actions by California policymakers provide an additional one. In 2011, policymakers deviated from the intent of the Master Plan, when California Governor Jerry Brown eliminated all funding for CPEC. Despite the state legislature providing ongoing funding in its enacted budget, faced with a state budget deficit of $25 billion, the Governor eliminated all funding for CPEC operations via a line item veto. In his veto message, the Governor stated "while I appreciate the importance of coordinating and guiding state higher education policy, I believe CPEC has been ineffective" (Murphy, 2011).

Higher education experts expressed mixed feelings about the agency's elimination, with many supporting the importance of coordination but also recognizing the decline in support and appreciation for CPEC in later years. In a news release, former

CPEC Executive Director Karen Humphrey called the Governor's decision "regrettable," noting the agency's long-standing ability to provide analysis and data to policymakers at a relatively low cost (CPEC, 2011). In an *Inside Higher Ed* story, Humphrey, another former CPEC Executive Director Patrick Callan, and California education consultant Christopher Cabaldon asserted that support and appreciation for CPEC had waned in recent years, both in the Legislature and among higher education system leaders (Murphy, 2011). Ms. Humphrey referenced multiple examples in which the advice of the agency were ignored by universities and policymakers, including a 2007 decision by UC Irvine to create a law school (which was supported by policymakers) despite opposition from CPEC, and UC Riverside's decision to build a medical school, despite CPEC recommendations to delay the construction until financing could be secured. Additionally, CSU trustee Melinda Guzman, who was also the system's CPEC representative, observed that as "colleges and universities grew in size and clout, communication among the specific institution leaders and CPEC wavered" (Murphy, 2011).

The elimination of CPEC meant that state policymakers no longer had a statewide public entity to collect data and provide coordination for the state's higher education segments. At the time of its closure in 2011, CPEC had collected and maintained a data system with 30 years of data on the state's public postsecondary segments. This included enrollment and transfer data, degree and completion data, college-going rates, workforce snapshots, fiscal and economic data, and region-specific data – all of which provided policymakers with valuable information regarding public postsecondary education in

California. The elimination also meant that CPEC's review of programs, facilities, and transfer pathways ceased. These are significant loses, and without the creation of a similar entity to fill the void in the role that CPEC played in policy formulation, it is fair to question how – if at all – California policymakers can ensure that public colleges and universities utilize public resources efficiently and effectively to produce college graduates for workforce needs.

This is particularly important in California, as General Fund revenues vary greatly from year-to-year, with 'boom-bust' cycles being common in the state. With a heavy reliance on capital gains taxes, California's revenues vary greatly with sudden shifts in the economy. As seen in Figure 3, the state experienced a 15% increase in revenues in 1999, yet two years later its revenues decreased by 14%.

Figure 3: Revenue Volatility in California Compared to Other States
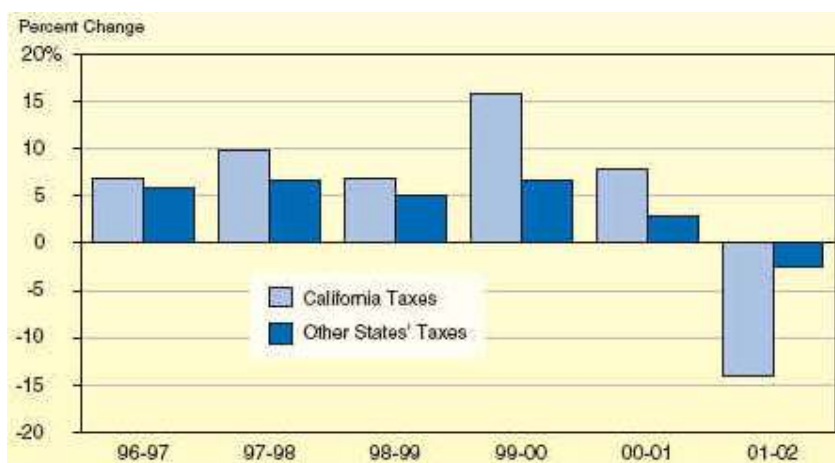
Source: Legislative Analyst's Office (2005).

This volatility impacts state funding for higher education. Comparing Fiscal Year (FY) 2001-2002 versus 2010-2011, State General Fund dollars for the UC system decreased nearly $300 million, while it remained relatively the same for the CSU (CPEC, 2011).

More recently, the Governor's 2012-13 budget proposed decreases of more than $1,000 and $1,200 in programmatic funding per full-time equivalent UC and CSU students compared to 2007-08 funding, respectively; signifying cuts of five and 11% for each segment over just a five-year time span. (Legislative Analyst's Office, 2012).

These revenue volatilities underscore the need for data collection and coordination in higher education. State policymakers are confronted with clear evidence that future workforce projections will not be met if current college completion trends continue. Yet California policymakers – similar to their colleagues in Indiana, Oregon and Tennessee – have limited resources to appropriate to its higher education segments. Improving higher education outcomes will likely require changes in policy, both at universities and within the state. At universities, administrators must identify and develop programs and policies that help more students graduate. Policymakers must develop state policies that augment and incentivize university administrators to increase their focus on improved student outcomes. In both instances, these efforts would benefit from the presence of a coordinating entity. Such an entity could provide staff support, review programs and services to identify and disseminate best practices to universities, collect and interpret data on student achievement at universities, and provide policymakers with updates on improvements. This could help ensure that state resources are more effectively utilized by universities to improve student outcomes, while also providing valuable data feedback to policymakers on what outcomes the state is receiving for its investment of public resources. Yet with no statewide entity currently charged with

collecting this data or serving such a role, how can California distribute funds in the most cost-effective manner?

What Does the Future Hold for California's Higher Education System?

The issues discussed above provide multiple examples of the challenges facing California policymakers in the realm of higher education. Around the country, policymakers in many states have engaged in varying levels of higher education reform. With a large share of the country's population – and a combined higher education enrollment headcount of more than 2.78 million students between the three systems – California must play a prominent role in ensuring a greater proportion of its students are completing their degrees and entering the workforce prepared for the jobs available in the modern economy. Student enrollment has grown significantly since the inception of the Master Plan, but currently only 80% of UC students are graduating within six years, and only about half of CSU students (Johnson and Sengupta, 2009). With nationwide trends indicating the need for greater accountability and improved outcomes in higher education, how will California go about improving its own systems?

Chapter 3

METHODOLOGY

With the 2011 defunding of CPEC amidst doubts about its effectiveness, there is no functioning entity charged with providing coordination for the higher education segments. If policymakers want to assess the state's higher education trends or issues, they must rely on data from not-for-profit and advocacy organizations, rather than a statewide entity that can develop and maintain longitudinal data on the community colleges and four-year universities. Creating such an entity in California will require state-level leadership to develop public policy.

To better understand policy leadership in state-level higher education reform, I developed a qualitative study, designed to examine changes in higher education policies in other states and their relevancy for California. Given financial, time and geographic constraints, my chosen method of data collection was phone interviews, which I conducted with individuals familiar with the development and implementation of state-level reforms. I developed a series of standardized, open-ended interview questions informed by a review of existing literature regarding higher education. By utilizing interviews, the intent was to collect valuable input from individuals familiar with the reform efforts under examination, which would complement online research. A complete list of interview questions can be found in Appendix A. In this chapter, I provide a brief overview of the research methodology, highlighting the interview participants and

questions, strengths and weaknesses of the chosen research method, how human subjects concerns were addressed, and how data was processed for analysis.

Interview Participants and Questions

I examined three states, and interviewed five individuals in each. The three states chosen were Indiana, Oregon and Tennessee. I chose these states because they provided me with information from a relatively diverse group of states, both in terms of their size/geography and the types of implemented reforms. Interview respondents (hereafter referred to as respondents) were selected based on their perceived knowledge of and familiarity with the development and implementation of one of the reform efforts under review. Respondents were primarily public employees working in some capacity related to higher education, with many working for state government agencies, departments, or commissions. They were asked a series of questions, designed to solicit information about the context of higher education policy reforms and to better understand the process, players and obstacles to implementation. Interview questions were not designed or intended to encourage respondents to be critical of their employer, supervisors, or department. Rather, questions were designed to allow respondents to contextualize the reform efforts and provide valuable insights, not to provide their critique of the policy or those involved in the process.

Strengths & Weaknesses of Chosen Method

Given the focus of my research, I identified interviews as the best-suited approach. This research does not present or attempt to test a hypothesis, and instead is exploratory. As such, the strengths of my research method were twofold: interviews

could be targeted, and could thus be conducted with participants who could provide insightful responses. Given that the interview questions were designed to solicit responses that could contextualize reform efforts and provide additional insights, it was important that those interviewed could provide feedback that was useful and beyond what I could find in remote research.

However, interviews are relatively time-intensive efforts, and given the small sample size of five participants per state examined, there were some potential shortcomings. This increased the possibility that a single participant's responses could skew the findings. Additionally, I asked participants about reforms that transpired between one and three years in the past. With the questions focusing on events that have already transpired, there is some possibility of poor recall by participants, which could also distort the data. Lastly, with interviews there is always some possibility of response bias or reflexivity in responses, whereby participants provide answers that are agreeable to the question. While I could not fully alleviate the possibility of response bias impacting my findings, the final interview questions were designed with these concerns in mind in an effort to solicit responses that were accurate, honest, and insightful.

Human Subjects

The Public Policy and Administration's Departmental Human Subjects Review Board reviewed my research design and interview questions, per the university's Institutional Review Board (IRB) processes. In the development of my research and interview design, I was mindful of possible problem areas of human research, including: the potential for harm, the obtainment of informed consent and being clear and honest

about the intent of the research. I designed the interview questions with the intent of

addressing process-related issues, not personal relationships or judgments about other

people. However, I recognized that participants were primarily public employees working

within the realm of higher education, and that with a small sample size of five interviews

per state there was still some possibility that participants might be identified based on

responses. To alleviate this, I offered full confidentiality to all participants. I also

provided them the option of whether or not they were comfortable with conversations

behind recorded. Per my approved IRB application, transcripts and recorded interviews

were not provided to anybody else, and I will destroy all data no later than December 31,

2014.

The obtainment of informed consent of respondents was another area of concern

that I attempted to address in my research design. As noted by Singleton and Straits

(2010), "just how much information about the research must be conveyed to subjects for

them to exercise informed consent is not always clear" (p. 54). To obtain informed

consent, I developed and provided each respondent with a consent form that contained a

clear and honest description of the research (see Appendix B). This form provided

potential respondents with an explanation of the purpose of the research and intent of the

interview questions. It acknowledged the varying levels of confidentiality available, as

well as the potential for identification given a small sample size. Lastly, the form notes

that potential respondents were free to decline to participate without consequence. Based

on the form provided, the requirement that each respondent note their preferences

regarding confidentiality and recording of conversations, and confirm their preferences

by signing the consent form, I believe respondents had adequate information to exercise informed consent.

Data Processing and Analysis

Once I completed interviews and transcribed the conversations, I reviewed responses to identify common themes across the three states. I utilized a matrix and coded each interview respondent's comments. Most respondents were so knowledgeable about both the policy changes and the contextual factors that they would often touch on multiple topics while answering a single question. For example, in answering a question about concern or opposition to the policy proposal, some respondents would also respond with information that was relevant to other questions, such as trouble with implementation and stakeholder engagement efforts. So rather than code responses to each individual question, I began with the broad themes that interview questions were grouped within – the policy change and role, the key players and figures, and the problem being addressed – and broadly coded responses within those three areas. I then reviewed those organized responses in an effort to identify more specific themes, and drew upon my interview protocols and the literature review. Lastly, I also assessed those responses for other thematic areas that did not fall within my interview protocol or literature review, and ultimately the fifth and final (see below) thematic area was included.

From this review, I identified five thematic areas: a desire for improved educational outcomes, arguments that such improvements can be drivers of economic development, the need for involved policy leadership, stakeholder engagement, and lastly, the involvement of outside organizations that may not be thought of as traditional

stakeholders in state policy development. The first two themes aligned with the aforementioned data indicating the need for a greater number of educated workers for future workforce projections. The third and fourth themes were widely discussed by respondents in all three states. Respondents frequently identified policy leaders who drove legislative reforms, and identified that a critical part of building consensus was engaging other key players and stakeholders. Regarding the fifth and final thematic area, while I was aware that many higher education advocacy organizations exist, I had not assumed that they would be widely recognized by interview respondents for their involvement in driving state-level explorations of policy reforms. The frequent reference to the role of these organizations was surprising.

In Chapter 4, I present the findings from these interviews. I organized and presented the information in a consistent manner for each state. For each state, I first explain the policy reform and describe the policy problem and relevant contextual information. I then discuss each state's policy solution, including the purpose of the policy and details as to what changes the policy made. For each state, I drew upon the information gathered via interviews, both for broad context and for specific insights. I utilized quotes from interviews, and in all instances referenced sources using broad descriptors to protect their identities. When quoting sources, I also attempted to select responses that best captured the consensus of respondents, when it appeared there was general agreement. When quoting responses that highlighted a particular point – but not necessarily the consensus of respondents in a state – I referenced that the opinion was one of a single respondent to distinguish that it was not necessarily expressed by others.

In utilizing this approach, I intended to do three things. First, I wanted to accurately capture and explain the policy problem and solution for each state, as explained by interview respondents and supported by contextual information available via online research. Second, I wanted to utilize interview responses to identify thematic areas across all three states. Third, I wanted to explore those thematic areas to provide answers to my primary and secondary research questions regarding policy leadership and implications for California policymakers. The following chapter contains my findings as identified via my outlined methodology.

Chapter 4

RESEARCH FINDINGS

This chapter first outlines the context and details of enacted policies in each of the

states. While each state developed different policies, after conducting interviews it

became apparent that there were some similarities among the states. I then examined the

policies further in cross-state analysis, and highlighted important trends in the

development of the reforms. These include similar focuses on improved educational

outcomes, arguments that such improvements can be drivers of economic development,

the involvement of policy leaders, stakeholder engagement, and lastly, the involvement of

organizations beyond traditional stakeholders in state policy development. Data for all

sections of this chapter came from interviews with individuals familiar with policy

reforms in each of the three states examined.

Developing Clear On-Time Degree Pathways and Financial Incentives for Students

– Indiana's House Bill 1348

Existing Policies Did Not Produce Good Returns on Investments

With more than 87,000 students receiving some kind of state financial aid,

Indiana is first in the Midwest and among the top ten states nationally in terms of

financial aid given, with over $277 million (Kelly). Of the 87,000 students receiving state

aid, approximately 73,000 of them (84%) are part of two scholarship programs:

- The Frank O'Bannon grant, a need-based aid program designed to provide aid for

  Indiana students to pursue associates or bachelor's degrees at eligible institutions.

It is funded via Indiana General Assembly appropriations and goes towards

tuition and regularly assessed fees, although the amount varies from year to year;

and

- The 21st Century Scholars program, a need- and performance-based program for

    Indiana 7th and 8th grade students who qualify for free- or reduced-lunch, pledge

    to meet certain academic and behavioral conditions, and attend an Indiana

    university (21st Century Scholars Program; Johnson and Yanagiura, 2012).

Despite their generous financial aid, there was abundant evidence that policy changes

were needed. The state ranked 40th nationally in terms of the percentage of the adult

population that had some education beyond high school (Chronicle-Tribune Editorial

Board, 2013). According to testimony provided by the Indiana Commission for Higher

Education (hereafter referred to as the Commission) at a House Education Committee

hearing on February 7, 2013, six-year graduation rates were low in both programs: 44%

for the Frank O'Bannon grant, and 39% for the 21st Century Scholars program. Given

these low graduation rates, it was not surprising that research by the non-profit

organization Complete College America found 59% of Indiana students enrolled at four-

year public universities graduated within eight years, and that only 11% of Indiana

students enrolled at two-year public universities graduated within four years.

From this evidence, it was clear that changes to state policies regarding financial

aid and higher education were necessary. In 2012, an important merger of government

agencies occurred that would prove to be an impetus for change. Under previous

Governor Mitch Daniels, two entities that were previously separate – the Commission for Higher Education and the State Student Assistance Commission of Indiana (SSACI) – were combined. Previously, the Commission served just as a coordinating entity, with authority over things like approval of degree programs, making budget recommendations to the General Assembly, and approval of capital projects. All duties of the SSACI were merged into the Commission, which was then additionally tasked with distribution of state financial aid. This merger was important because, after it was completed, the first task the reconstituted Commission undertook was a thorough review of the state's strategic plan, *Reaching Higher Achieving More*, which set a goal of 60% of Indiana adults having a college degree by 2025. According to one respondent who was at the Commission at this time, they recognized the cornerstones of that plan were completion, productivity and quality; and worked to assess their existing financial aid programs through those lenses.

Given that financial aid was only good for four academic years, and low graduation rates of students in the state's financial aid programs, there were concerns about the financial impact on students. Policymakers were concerned that too many students were failing to complete their degree while eligible for financial aid, and were either incurring additional financial debts to finance their degree or dropping out altogether. Calculations done by the Commission estimated that a fifth year of college costs a student approximately $15,050 at a public institution, and over $36,000 at a private institution; adding between 19 and 23% to a student's total cost for a bachelor's degree. Adding the foregone salary a student would have earned had he or she graduated

on time, the expected cost of the fifth year rose to nearly $45,000 at public institutions
and $66,000 at private ones (Indiana Commission for Higher Education). Compounding
the issue were the results of a survey of 9,481 Indiana students in higher education,
conducted by the Commission between December 2012 and January 2013. One question,
noting that state financial aid is limited to four years, asked bachelor's degree candidates
"if you do not graduate on time, how will you finance the remainder of your degree
program?" Over 13% of students indicated they would not complete their degree if their
financial aid ran out, meaning the state would have invested in these students without
ever seeing any return on that investment.

Figure 4: Degree-Seeking Students' Plans to Finance College Beyond Fourth Year
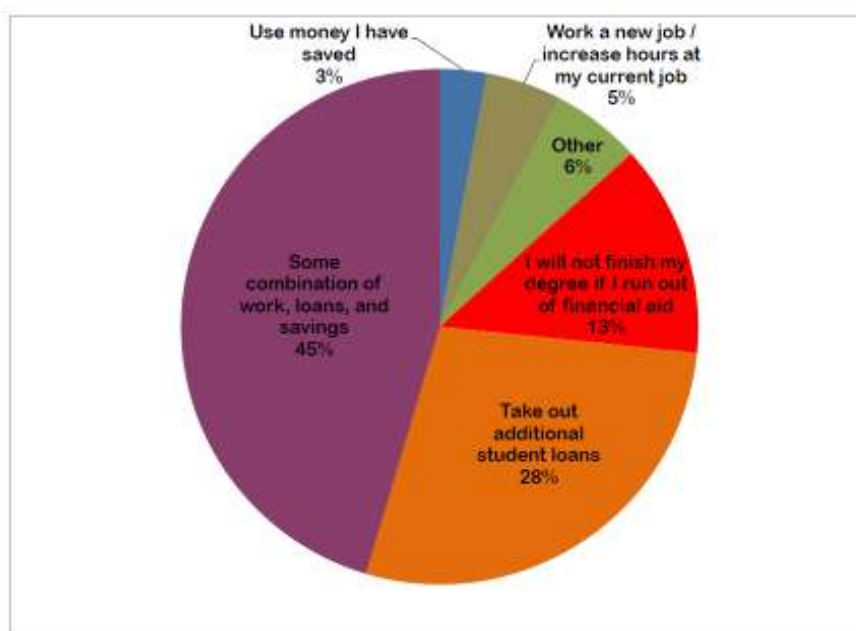
Source: Indiana Commission on Higher Education. State Financial Aid Recipient Survey.

Providing Clear Pathways and Financial Incentives to Encourage On-Time Completion

Policymakers recognized that it was fiscally inefficient to invest a significant amount of state funds into financial aid programs in which the majority of students did not graduate within six years. Additionally, they recognized that students who did continue to pursue degrees were incurring additional debt. Hoping to address this, in 2013, Representative Tom Dermody brought forward House Bill (HB) 1348, which the Legislature passed and Indiana Governor Mike Pence signed into law. The purpose of HB 1348 was twofold. First, for the state, the legislation aimed to increase graduation rates and four-year completion, thereby generating a greater return-on-investment for state financial aid funds. Second, with students only being eligible for four years of state financial aid, by encouraging four-year completion policymakers also aimed to reduce the total cost of students' degrees, thereby reducing student debt and delivering more students to the workforce faster.

To achieve these outcomes, the policy contained two major components. First, it required public and private higher education institutions in the state to provide degree maps for students – a tool for new full-time students that provides clear "semester-by-semester list of courses a student must take to graduate on time." (Indiana Commission for Higher Education, 2013) More specifically, the legislation required that degree maps contain:

- An academic term-by-term sequence of course options that allow a student to complete a bachelor's degree within four years, or an associate's degree within two;

- The expected date the student will earn a degree;

- The academic requirements they must complete each year; and

- Any other information deemed appropriate.

Additionally, the legislation provided assurances to students (and incentives to universities) that these degree maps would be honored. It contained a guarantee that if a course in the student's degree map was not offered or was full at the time the student attempted to enroll, the institution would either provide that course for free in a future semester or offer an alternative degree map that allowed the student to remain on track.

In addition to providing clear pathways to on-time graduation, HB 1348 changed how financial aid was distributed to students, with the goal of providing clear incentives that students remain on track to graduate in four years. Under the legislation, students were required to stay on track to complete their degree on time – meaning 30 completed credit hours by the end of the first year, 60 by the end of the second year, etc. Grade point averages (GPAs) were still considered as part of the criteria for renewal, but each institution would determine their own GPA requirements. The text of the bill stated that a student could renew their financial aid so long as they maintained "a cumulative grade point average that the eligible institution determine[d] is satisfactory academic progress" (Indiana House Bill 1348, 2013). Under the legislation, a student that fell below the required GPA could submit a petition to the Commission that explained any extenuating circumstances that prevented them from meeting the requirement. Additionally, students

participating in the Frank O'Bannon grant program could receive an additional $1,400 in funds for maintaining at least a 3.0 GPA.

Lastly, the legislation provided that, moving forward, students could use financial aid for summer terms, which was not allowed previously. This change also stemmed from the student survey results. Just under half (49%) of students surveyed indicated they took classes during the summer. However, when asked if they would be more likely to take summer courses if they could use their state financial aid to pay for it, 90% indicated they would be. Given these findings, as well as the fact that many institutions offered discounted tuition for summer courses, this became a clear component for the policy. An official from Indiana's higher education community commented that "if students want to take 15 credit hours during the summer and get a 25% discount, why wouldn't [we] allow them to do that and get more bang for their buck out of state financial aid?" (April 20, 2014). Another respondent from the financial aid community commented that while recognizing the role of summer courses was valuable, in the implementation of the policy Commission staff decided that students could only take up to six credit hours during summer session.

Assessing the legislation in its entirety, Indiana policymakers appeared to recognize the importance of addressing on-time completion on both the institutional side and the student side. Requiring institutions to provide degree maps alone would mandate they provide more information to students, but would lack any incentives for students to follow their degree maps. Conversely, without additional information to help students receiving financial aid graduate on time, the burden would fall entirely on those students

to navigate course sequences on their own or seek out academic counselors. By requiring changes in behavior from both institutions and students, the legislation built shared responsibility among both parties to address the initial concern from policymakers that state financial aid funds did not generate acceptable returns on their investment (in the form of college graduates).

Greater Institutional Autonomy for Producing Desired Outcomes – The Case of Oregon

Workforce Shortfalls and the Perceived Problem of Silos in Educational Systems

While policymakers in Indiana identified insufficient numbers of graduates in their state financial aid programs as the problem, Oregon policymakers approached a similar problem differently. Historically, higher education in Oregon was governed in three distinct systems, similarly to California: K-12, community colleges and universities. Both the K-12 and community college systems were been governed by the State Board of Education, which were described by a member of the Oregon Business Council as "highly decentralized [systems that] have their own locally elected boards," and the state role was primarily to fund the systems (March 20, 2014). By contrast, the higher education system was a state agency, governed by the State Board of Higher Education via the Oregon University System (OUS). The OUS consisted of seven universities: Eastern Oregon University, Oregon Institute of Technology, Oregon State University, Portland State University, Southern Oregon University, University of Oregon, and Western Oregon University. The State Board of Higher Education governed this system,

and the Chancellor's Office was responsible for carrying out the board's goals and objectives (Oregon University System).

Higher education experts and some of the state's policymakers came to recognize that this system was not as effective as it needed to be: a conclusion supported by assessments of educational trends in the state. Analysis by one organization projected that two-thirds of jobs in Oregon would require a career certificate or postsecondary degree by 2020, yet noted that as of 2011 only 36% of Oregon adults held an associates degree or higher (Complete College America, 2011). These projections were similar to the findings of Carnevale et al. (2010), who projected 64% – or 1.3 million jobs – in the state would require "some postsecondary training beyond high school in 2018" (p. 89). In December, 2011, the Oregon Education Investment Board (OEIB) – which was created in statute in April that same year – submitted a report to the Legislature that highlighted troubling trends in Oregon's education system. The report's findings included an educational achievement gap, the fact that young adults (25-34) were less educated than their parents' generation, and that nearly a third of Oregon high school students were failing to graduate within four or five years (OEIB, 2011). The report also noted the persistent achievement gap for children of color – which were also the fastest growing demographic in the state – and posited these groups of students needed to be targeted for improved achievement in education.

In 2011, the state adopted an important policy that became the impetus for other legislative changes to education in the state: the Oregon *40-40-20 Plan*. The plan established three broad goals for the state's education systems to pursue by 2025: that at

least 40% of adults have a bachelor's degree or higher, that at least 40% have an associates degree or other post-secondary credential, and that the remaining 20% complete high school. This plan was important because it established a commitment to increase educational attainment levels in the state, and became the broader overarching effort under which other significant policies (discussed below) were designed to help achieve. A state official stated that it was the "galvanizing force" for additional policy changes, adding:

> "*40-40-20* adds up to 100. And 100 is all, so it's a statement of philosophy [that] we believe in the potential of all students…and what's less obvious – what *40-40-20* doesn't say directly – is we increasingly believe in a system of education that rewards or creates pathways based on competency or proficiency, not class time or enrollment" (April 21, 2014).

To achieve this goal, Governor John Kitzhaber initially envisioned a single state entity – a Department of Postsecondary Education – that would consolidate the OUS, departments for the community colleges and workforce development, and Office of Student Financial Aid under one entity. However, the Governor's vision was not implemented, with a respondent from one of the state's public universities commenting that the Legislature perceived it to be too rapid and drastic a change. The goal, as explained by an administrator from one of the state's public universities, was clear: to bring together state conversations about investing state dollars in higher education, and working on higher education policy in one place and in a coordinated fashion. This description was supported by two others, who described how there was a recognition of a need for systematic change and a need to think critically about coordination and connection between institutions. With this recognition by the Governor and others, a

for the State Board of Higher Education to enter into performance compacts with institutions.

All five respondents indicated that the creation of the OEIB was a significant policy priority of the Governor. An administrator from one of the state's public universities noted the Governor's background as an emergency room physician, and commented that the Governor was a "big systems thinker," who during the discussions about healthcare reform believed in looking across the continuum of services to "identify key investment areas" (March 26, 2014). This approach was reflected in the objectives of the OEIB. Three respondents described how one objective was to better-invest use state dollars in the most cost-effective ways throughout the entire spectrum of public education, recognizing that there are finite state resources. Four respondents also discussed how the other objective was to create a unified system of education with seamless pathways, clear standards, and clear incentives that help achieve desired outcomes.

While the objectives of the OEIB addressed aspects of the entire P-20 education system, HECC was created within the OEIB to focus specifically on higher education. A legislative staff member noted that while HECC advises the OEIB, "it's a coordinating body" that will set the funding formula in the state (March 25, 2014). Four respondents similarly characterized the goal of its creation. As described by an administrator from a public Oregon university, the goal of HECC as created was to centralize state conversations about investing state dollars and working on higher education and post-secondary policy. It was conceived as an entity that could coordinate policy work to bring

all pieces of the higher education community together: financial aid access, community colleges, career schools, and universities. SB 242 also shifted governing responsibilities from a statewide agency to university boards of trustees for the three universities initially granted their own boards, with the intention to eventually make similar agreements with the remaining four public universities. However, in exchange for greater autonomy, the legislation also created processes whereby the universities would enter into performance compacts, and were expected to meet performance goals set by the Legislature. This concept has been referred to as 'tight-loose,' in that the state is very prescriptive in the outcomes it expects, but grants the institutions a great deal of flexibility to determine how they meet those expectations. As described by a member of the Oregon Business Council, this created an incentive structure for higher education institutions that shifted them from "focusing on where [they] get their money from" towards one in which they "are rewarded by serving students and achieving outcomes" (March 20, 2014).

Similar to Indiana, Oregon policymakers recognized the need for more college graduates. Policymakers also identified that it was problematic for the state's role in higher education to just be the funder. Passage of the *40-40-20 Plan* provided a tangible set of targets for policymakers to work towards in legislation. Governor Kitzhaber supported and promoted these efforts, and he successfully engaged university leaders and pivoted their desires for greater institutional autonomy into conversations – and subsequently policies – that granted greater autonomy, but in return for a commitment to focus on achieving specified outcomes prescribed by the state. By instituting this tight-loose concept in Oregon, policymakers provided incentives for universities, while also

increasing institutions' focus on meeting specified outcomes that benefited both universities and the state. Universities retained their newfound autonomy by achieving the goals set out by the Legislature, and state investments would produce greater numbers of college graduates.

Reaffirming Expectations for and Changing Behaviors of Higher Education – The Complete College Tennessee Act (CCTA) of 2010

Need to Become a More Educated State

Just as policymakers in Oregon developed and passed the *40-40-20 Plan* that would spur subsequent legislative changes, Tennessee policymakers came to recognize the need for their own state plan that could be an impetus for policy and behavior changes. In 2009, Tennessee Governor Phil Bredesen brought together a group of higher education stakeholders to discuss the status of higher education in the state. By any measure, Tennessee was an undereducated state at the time: 32% of Tennesseans had an associates degree or higher, whereas the national figure was 39%. A 2010 study by Georgetown researchers indicated that, between 2008 and 2018, there would be 194,000 new jobs in Tennessee for those with postsecondary education and training, and that by 2018 the majority (54%) of all jobs in the state would require some postsecondary education. As one respondent who worked in the Governor's office at the time described it, there was widespread recognition that Tennessee needed to raise the education level of its citizens, not just to the national average of 39%, but likely higher. A staff member from the Tennessee Higher Education Commission (THEC) echoed this, adding that policymakers "believed [the national average] was going to be increasing" as well (April

11, 2014). Additionally, many believed that the educational attainment problem would

make it more difficult to attract business and industry to the state. A high-level official

from the THEC commented "when you have that problem…most of your talent pool will

end up going elsewhere" (March 19, 2014).

In 2008, the state was one of 11 to receive a Making Opportunity Affordable

(MOA) grant from the Lumina Foundation. These were designed to promote cost-

effective methods for delivering high-quality education, focused on altering state finance

systems to reward institutions for graduating students, increasing efficiency and cost of

delivery, and creating models of delivering higher education to more students (Lumina

Foundation, 2008). One important outcome of this grant was a policy audit that identified

five areas where the state could improve its approach to higher education. One of these

pertained to the funding provisions in the state, which became one of the core

components of the CCTA. In the summer of 2009, Governor Bredesen engaged in

discussions regarding higher education – and potential reforms – with program officers

from the Bill & Melinda Gates Foundation (Gates Foundation). There was increasingly a

belief that Tennessee could secure federal Race to the Top funding. According to a

former member of the Governor's staff, representatives from the Gates Foundation

identified Tennessee as a state that they believed was "well-positioned to be successful

with their Race to the Top" application (April 2, 2014). It was during a check-in meeting

that the Governor initiated a conversation with representatives about higher education

reform in the state. In an effort to support the state's work, the Gates Foundation

provided funding to the National Center for Higher Education Management Systems

(NCHEMS) and Complete College America so those organizations could provide

technical support to policymakers in Tennessee.

As a high-level official from THEC described it, the time was right for a

discussion around higher education to occur. First, the Governor was in his last term, and

had already implemented policy changes in K-12 with a revamped basic education

program for schools, more rigorous standards for a high school. Two respondents

believed that, having accomplished K-12 reform and being in his last term, the Governor

wanted to leave his mark on higher education before leaving office. Second, a former

member of the Governor's staff commented that in previous years the state's budget

circumstances had "been so severe that there was…recognition that we needed to figure

out how to do things differently" (April 2, 2014). Third, there were leadership changes

underway within the University of Tennessee system and within the Tennessee Board of

Regents, which oversees the six state universities, 13 community colleges and 27 colleges

of applied technology. The former member of the Governor's staff described it as a time

of "somewhat of a crisis of leadership in the university system," as the University of

Tennessee system had an Interim President, and the Chancellor of the Board of Regents

had announced his intent to retire (April 2, 2014). A high-level official from THEC also

cited these leadership changes as important contextual factors.

During this time, there were opinion pieces in newspapers about governance, and

some speculation swirled that governance reform might become the Governor's preferred

policy reform for higher education. However, two respondents noted that the Governor

did not want to expend the political capital he believed would be necessary to institute a

change in governance. He was advised that governance shifts take time to succeed, and that such changes can often cause systems to take a step backwards before they reach a new normal. Additionally, a high-level official from THEC noted that the Governor did not believe that the issues facing Tennessee higher education could be fixed by governance changes.

From Funding Institutions to Supporting Students

The Governor recognized the need for the state to increase its educational attainment, and wanted to implement policy changes that moved the state in that direction. In January of 2010, the Governor called legislators back to the State Capitol for an Extraordinary Session of the Legislature, and proposed Senate Bill 7006, the Complete College Tennessee Act (CCTA). Interview respondents all identified the Governor as instrumental in pushing this policy forward, not just in the Extraordinary Session but also in his engagement of stakeholders. An outside advisor to THEC commented that "the Governor really took hold of the issue," and a former State Senator involved in those conversations added "[the Governor] made this a priority, and sat at the head of the table and owned the responsibility for driving the agenda" (April 1, 2014; May 20, 2014). While there was some concern from individual institutions about the CCTA, respondents tended to agree that there was not strong opposition to the legislation. Despite both houses of the legislature being controlled by Republicans, the legislation passed the Senate unanimously and 93-2 in the House, with two Republicans voting against it.

Interview respondents noted two elements of the process that they believed were significant: the collaborative consensus building and the passage of the legislation during

an Extraordinary Session. Four respondents suggested the Governor's work to make the

process and legislation a collaborative effort – involving members of both political

parties, representatives from higher education, and the business community – helped to

build consensus and overwhelming support for the legislation. A former State Senator

involved in the process added that its passage during the second week of an Extraordinary

Session also played a role, stating:

> "It's not that [the legislation] didn't get its due deliberation…it's just the
> way [the Tennessee General Assembly] behaves. We will take the time
> allotted. However much time is allotted, that's how much time we will
> deliberate something" (May 20, 2014).

These comments suggest that the decision to condense debate of the legislation to a single

week may have been in an attempt to curb the drawn-out process that was more common

in the Tennessee Legislature. Despite the condensed period for discussions, a high-level

official from THEC believed the conversations that did occur was productive, stating

"there was more good conversation about public policy aspects of higher education in

Tennessee during that one week than in the past number of years combined" (March 19,

2014). These responses suggest that the Governor's leadership to build consensus early

on and his decision to condense the legislative timeline to review the policy were

significant.

The CCTA required the development of a statewide master plan for higher

education in the state. All five respondents expressed general agreement that, at its core,

the CCTA was a clear statement that the state's colleges and universities needed to

produce a greater number of Tennesseans with postsecondary credentials in order to meet

the "demands of the workplace" (May 20, 2014). To achieve this, the legislation was intended to increase the focus of university officials on producing more college graduates, primarily by changing the state's funding formula to increasingly focus on outcomes. A representative from THEC went so far as to describe it as "the most comprehensive and direct unequivocal statement probably ever made in Tennessee statute" about what the state and the people expect from their higher education system (March 19, 2014).

The legislation contained multiple mandates. It charged THEC with developing a statewide master plan for the future development of the higher education system, including universities, community colleges, and technological centers. This master plan was to be developed with input from the Board of Regents and University of Tennessee Board of Trustees. THEC was also charged with making recommendations to the various institutions, the Governor, and the Legislature on master plan implementation. It also mandated THEC to develop an outcomes-based funding formula, and to make funding recommendations that reflected the priorities of the master plan. Previously, funding of higher education was perceived to reward the wrong things – such as enrollment on the fourteenth day of the term – and was instead redesigned to emphasize outcomes, such as end of term enrollment, student retention, timely progress towards degree completion, and degree production.

The CCTA also mandated the development of clear transfer pathways, designed to ensure that students who earned 60 units and an associates degree at a Tennessee community college be guaranteed admission to any state public university, excluding the

University of Tennessee, Knoxville. It also developed dual admission policies and eliminated remedial coursework offerings at four-year institutions, and instead required that those courses be offered only at two-year universities. Lastly, it established a comprehensive, statewide community college system of coordinated programs and services (The Complete College Tennessee Act One Year Later, 2011). According to a high-level official from THEC, the community colleges were identified as a part of the higher education system that needed to mature and grow into a system of institutions, rather than thirteen separate institutions, which was how it existed previously.

Common Trends Among Reform Efforts

I reviewed the higher education policy reforms in these three states to help answer my two research questions. Again, the primary question was: what kinds of policy leadership actions have been taken in other states, and by whom, that lead to statewide higher education reform? Second, I was interested in answering the question: what can California policymakers learn from these efforts, and what implications do these findings have on future policy leadership efforts in the state? While the specific policy changes in Indiana, Oregon and Tennessee were each distinct, closer examination reveals some commonalities that are relevant to these two questions.

The CCTA was similar to Oregon's *40-40-20 Plan* in that it was a policy statement that the state needed more graduates from its universities. By requiring THEC to develop a statewide master plan for higher education, make recommendations to the institutions, and developing an outcomes-based funding formula, the CCTA instigated policy changes designed to refocus higher education institutions on supporting student

success. In mandating the involvement of THEC, the efforts of Tennessee policymakers mirrored those of policymakers in Indiana, where the Commission was instrumental in implementing financial aid reform. Additionally, Tennessee's Governor exerted policy leadership in the development and implementation of these reforms. Recognizing the state's budgetary problems and educational shortcomings necessitated greater scrutiny of higher education policies in the state, he seized a policy window of opportunity. He engaged outside organizations to solicit their involvement in improving higher education policy in Tennessee, and worked collaboratively with those organizations and stakeholders from the higher education community to develop public policy.

In each state, policymakers faced compelling evidence that outcomes needed to improve within their colleges and universities, and they had to identify policies that could accomplish those improvements. From projections that the jobs of tomorrow's workforce required more educated workers, to data from Complete College America about graduation rates and skills gaps – and in some instances state-specific studies – there was recognition that the status quo was not sustainable long-term. In each state, this problem was viewed within the context of economic development. Recognizing the need for improved outcomes and that such improvements could drive state-level economic development and competiveness, strong policy leadership was exercised in each state that guided the development and implementation of policy reforms. Lastly, national organizations played a prominent role aiding the development of the policies that were implemented. The remainder of this chapter examines these trends in greater detail.

Belief in the Need for Better Outcomes

Each policy – while varying in scope – was designed with a similar focus on improved outcomes: a greater number of educated individuals in the state. In Indiana, an official from the state's higher education community characterized HB 1348 as a means to "try to incentivize students to complete and make progress toward degree completion to improve graduation rates" (March 20, 2014). A financial aid officer at one of the state's public universities characterized it as a new way of distributing financial aid to "better maximize outcomes" (March 27, 2014). The policy developments of Oregon that attempted to develop a unified P-20 education system and improve outcomes were driven by the state's *40-40-20* goals, which one state official characterized as the "galvanizing force" behind the creation of the OEIB and HECC (April 21, 2014). A 2011 report from the OEIB noted a troubling trend in the state: that Oregon's children as a whole were less educated than their parents (OEIB, 2011). The policies promoted a more student-centered approach to funding education, in which delivery of education was "more organized around learning outcomes and assessment of those outcomes, rather than seat time in a spot," as described by a member of the Oregon Business Council (March 20, 2014). In Tennessee, a THEC staff member described the CCTA was designed as a "long-range plan for…increasing the educational attainment levels of [Tennessee] students" (April 11, 2014). When asked about the underlying problem the policy was designed to address, an outside advisor to THEC identified the problem as being "[an] insufficient level of higher education participation and attainment in Tennessee, relative to other states in the country, and other countries" (April 1, 2014). In each state, recognition of a problem and the perceived need to do something about it spurred action. This common recognition of

a problem contributed to an environment in each state where policymakers and those in higher education were motivated to produce positive changes.

Improved Outcomes as a Driver of Economic Development

Not only was there common recognition of the problem, but respondents frequently observed that improved outcomes were discussed within the context of economic development. Four respondents in Indiana noted that, despite large amounts of financial aid, the state was not getting the results it needed. One official from Indiana's higher education community even commented how, when discussing the need for the legislation with authors and explaining low graduation rates in the two main programs, multiple legislators expressed dismay about the disconnect between the amount of money invested and the lack of returns, even going so far as to question whether the state was wasting money. In Tennessee, a former member of the Governor's staff described how the state's budget situation had been so bad for the few years prior to CCTA, that there was "wide recognition" among legislators, the business community, and higher education institutions that "business as usual was really not an option" moving forward (April 2, 2014). A high-level official from THEC also described how the CCTA was part of a broader effort to improve higher education attainment because higher education was a means to a greater end, "the greater end [being] the state's economy: Tennesseans with better skill sets, more options, etc." (March 19, 2014).

Strong Leadership Guides Policy Development & Implementation

Leadership exerted by governors and specific policymakers was a driving force for policy changes. In Oregon, respondents overwhelming cited Governor Kitzhaber as

the primary driving force behind the creation of the OEIB. Every respondent cited the Governor as the person most responsible for its development and implementation. One state official characterized his level of engagement as "extraordinary," and noted that the OEIB was "definitely driven by the Governor" and that it "was clearly his project" (April 21, 2014). Respondents also noted that, unlike the OEIB, the initial creation of the HECC was much more driven by the Legislature. Respondents cited Democratic Senator Mark Hass as the driver of SB 242, with other respondents adding that Representative Tobias Read and then-Representative Michael Dembrow also played critical roles in the development and implementation of the policy.

While Governor Kitzhaber was not as involved in the initial creation of HECC, he did take a very active role in changing its authority. According to multiple respondents, the Governor was very involved in the 2013 legislation that reconstituted the HECC's responsibilities and authorities. When asked why this was, one state official replied that the Governor was focused on the creation of the OEIB in 2011. It was not until he agreed to greater institutional autonomy that he and his staff began to focus on HECC, the role it could play moving forward, how it could promote statewide coordination, and how its functions related to the work of the OEIB.

Similar to the experience in Oregon, respondents in Tennessee often cited Governor Phil Bredesen as one of the primary driving forces behind the CCTA. Respondents varied in the degree of credit they gave him. Some characterized his involvement as bringing people together for building consensus and providing the gubernatorial mandate to ensure the conversations moved forward. Others were much

more effusive in describing his involvement. An outside advisor to THEC went so far as to say that he deserved more credit "than any other single player in the mix," and a THEC staff member said "the CCTA does not exist without Governor Bredesen" (April 1, 2014; April 11, 2014). While the perspectives varied on the exact degree of credit he deserves, responses were consistent in describing how the Governor convened an informal group of stakeholders, engaged representatives from both the Gates Foundation and NCHEMS, and made the policy a core issue. Additionally, it was ultimately the Governor's decision to have the policy heard during the second week of the Extraordinary Session that he called.

In addition to the Governor, respondents in Tennessee cited two other individuals for their involvement in guiding the policy from concept to reality: former State Senator Jaime Woodson and former Comptroller and Deputy Governor John Morgan. Three respondents cited former State Senator Woodson – who was the Speaker pro Tempore of the Senate at the time and co-authored the CCTA legislation – as an important policy leader. According to an outside advisor to THEC, the CCTA was a top priority of the Senator, and she was very engaged in the discussions that took place. Three respondents explained that John Morgan did much of the behind-the-scenes work to help build and sustain the momentum for the CCTA. Additionally, two respondents cited the important role of THEC, which had been involved in higher education reform for many years prior and was notably involved in the Lumina grant that the state had. THEC was cited as an important entity in these efforts, and two THEC representatives acknowledged their role in developing components of the CCTA. They also noted the work conducted by THEC

on the Lumina grant, and did have meetings with the Governor and his staff about aspects of the legislation.

In Indiana, three respondents credited Commission staff with doing a lot of the work, as well as State Representative Dermody, who carried the legislation. Four respondents stated that Commission staff played an important role, including Associate Commissioner for Policy and Education Sarah Ancel, Associate Commissioner for Student Financial Aid Mary Jane Michalak, and Commissioner Teresa Lubbers. Associate Commissioner Ancel was credited with writing much of the legislative language, while Associate Commissioner Michalak and Commissioner Lubbers engaged the financial aid community, other university representatives and administrators, and outside consultants in conversations about the specifics of the legislation. Four respondents specifically singled out the leadership of Representative Dermody, who worked with Commission staff, engaged in conversations with stakeholders, and talked directly with colleges and their financial aid staff. One official from Indiana's higher education community said that his involvement "made a difference," and that his involvement "was outside of what you would normally see" (April 2, 2014).

The Governor also played a role, although respondents did not universally agree that his role in the passage of the legislation was extensive. As discussed previously, it was Governor Daniels who made the decision to merge the responsibilities of SSACI into the Commission in 2012, which then examined financial aid policy through the lenses of improving completion, productivity and quality. According to an official from the state's higher education community, the Governor was also the one who specifically asked that

the degree-mapping component be added to the legislation, which this respondent believed made the reform effort stronger. Another respondent from Indiana's higher education community who was involved in the development of the legislation concurred, adding that the Governor "was very passionate about [the degree-mapping] portion" (March 20, 2014).

In each state, there was a shared belief amongst respondents that a few individuals and/or government agencies were instrumental in driving ideas forward, from concept to policy. In all three states, Governors played an important role. In Tennessee and Oregon, the Governors were actively involved in the vetting of policies and (as discussed further below) engaging of stakeholders. In Indiana, respondents identified the Governor, Commission staff, and Representative Dermody as leaders. With respondents in each state citing a few specific individuals as the primary advocates of policy changes, it begs the question of whether these policies would have been enacted without such involvement.

Stakeholder Engagement Commonly Utilized

Stakeholder engagement appeared to be a common means to vet aspects of the policies and build support. In Indiana, the financial aid community was engaged in extensive discussions by staff from the Commission about the specific proposals of HB 1348. These discussions provided a venue to work through concerns. For example, some Financial Aid Directors were concerned about losing students due to the 30-unit completion requirements, particularly the students who had outside engagements (work, children, etc.) that would make it difficult to stay on this track. An official from Indiana's

higher education community noted how, in the course of these conversations, they

identified the disconnect between how the Commission viewed 30 credits, and how the

financial aid community did. According to the respondent, in the course of these

conversations, the Commission realized that just because students enrolled in 30 credits

did not ensure they would complete 30. Once they realized this, "it was easier for [the

Commission] to understand how monumental this change was and to make [a]

compromise" (April 2, 2014). Additionally, an official from the financial aid community

at one of the state's institutions reflected positively on the conversations, noting the

collaborative nature of the discussions and ongoing nature of the discussions throughout

the development of the legislation.

Stakeholders were also engaged in Oregon, however it not clear exactly how this

process significantly impacted the policies. In the development of the OEIB, members of

the Governor's administration traveled throughout the state to hold public meetings and

gather input. While helpful, one respondent familiar with the policy commented that the

process "was not as good as it needed to be" because the process did not allow for

extensive public forums throughout the state (March 19, 2014). They also engaged the

Oregon Education Association, the Confederation of Oregon School Administrators, and

Oregon School Board Association. Some of these groups had concerns about the OEIB,

and the Governor's staff engaged in frequent meetings with these groups to work through

concerns. According to a respondent familiar with the policy, the Governor sometimes

joined these meetings to help work through concerns. Another respondent familiar with

the development of the policy cited the Oregon Business Council as another important

stakeholder, in that it proposed the concept of a unified system of education to the Governor during his campaign, and later was engaged in the behind-the-scenes negotiations that took place.

In the development of the HECC, the Governor engaged in discussions with representatives from the University of Oregon, who had expressed a desire for greater autonomy in 2011. The Governor committed to supporting the university in securing greater autonomy, which one state official said was incredibly significant because it was the "first time [the concept] had an official seal of approval from the Governor" (April 21, 2014). This became more significant later, when the responsibilities and duties of the HECC were reconstituted under HB 3120. Prior to its passage, the Governor's office brought together a coalition that included key legislators (Senator Hass and Representative Dembrow); the universities seeking autonomy (University of Oregon, Oregon State University and Portland State University); the Oregon Community College Association; and the Oregon Business Council. One state official familiar with the discussions responded that this coalition was "a significant part" of the effort that led to the passage of the legislation (April 21, 2014).

Unlike Indiana and Oregon, where the policies were vetted during normal legislative sessions, the CCTA was passed in the span of one week during an Extraordinary Session. However, stakeholder engagement was still an important piece of the development of the CCTA. Governor Bredesen convened an informal workgroup of stakeholders late in the summer of 2009 for what a former member of the Governor's staff described as "an exploration of higher education" (April 2, 2014). This group was

comprised of bipartisan legislative leaders (including Senator Jamie Woodson), vice-chairs of the state's higher education governing boards, and representatives from THEC and other higher education experts. One high-level official from THEC explained that this was an important component of the CCTA, and was a good way for "the Governor [to] build consensus ahead of time," to the point where, by the time the legislation was introduced "everybody owned it," according to another THEC staff member (March 19, 2014; April 11, 2014). Given the one-week timeframe in which the CCTA legislation was actually passed, this was especially important, considering individual legislators did not have the same opportunities for discussion as they would have were it to have been introduced during a normal legislative session.

The Involvement of Outside Organizations

While policy leaders engaged stakeholders in conversations, another commonality amongst the states examined was the involvement of national organizations. Stakeholders often included key legislators, staff from state agencies or government entities, and administrators from higher education. In addition to those stakeholders, national non-profit organizations, foundations, and policy institutes also had visible roles in the three states examined. By recognizing the valuable roles such organizations can play in statewide policy development efforts, policymakers elsewhere can leverage additional resources and expertise for their own reform efforts.

Indiana hired HCM Strategists (a consulting firm) to review its two primary financial aid programs and determine the extent that the programs aligned with the state's *Reaching Higher, Achieving More* strategic plan. In their final report, *Evaluation of*

Indiana's Financial Aid Program and Policies, HCM Strategists concluded that the programs were not aligning well, and made a number of recommendations and observations, including one that Indiana's financial aid programs should "make incentives clearer and more closely aligned with degree completion" (Johnson and Yanagiura, 2012). These insights were valuable; three respondents involved in the development of HB 1348 traced aspects of the legislation back to the recommendations. In Oregon, a legislative staff member familiar with the policy discussions noted that while the state's development of the OEIB was largely driven by introspective assessment of needs, in developing the HECC state policymakers consulted with two national organizations to work through the policy: the Western Interstate Commission for Higher Education (WICHE) and NCHEMS. In Tennessee, multiple organizations were involved in the development of the CCTA, including the Lumina Foundation, NCHEMS, and the Gates Foundation. The Lumina Foundation provided the state with a Making Opportunity Affordable grant that funded a policy audit – conducted by NCHEMS – that helped "lay some of the ground work" to determine areas for the state to improve its approach to higher education, according to an outside advisor to THEC (April 1, 2014). A former member of the Governor's staff added that the Gates Foundation offered to provide technical assistance in order to ensure the state developed "as strong an application as [they] could" (April 2, 2014).

The involvement of these organizations does not necessarily imply that they are integral to policy leadership efforts in higher education. Rather, the involvement of these organizations in the states examined provides examples of the types of roles such

organizations could have elsewhere. The availability and interest of these organizations in furthering higher education policies in the states provides potential opportunities that strategic leadership must recognize and seize, as Governor Bredesen did in Tennessee. When representatives from the Gates Foundation met with the Governor to discuss Tennessee's Race to the Top application in 2009, the Governor engaged them in a conversation about his vision for what would become the CCTA. This conversation led to the Gates Foundation's involvement in helping facilitate the involvement of Dennis Jones from NCHEMS, as well as Stan Jones from Complete College America. While this is but one example, it shows how a strategic leader can leverage the interest of these groups into effective collaboration and policy development. Conversely, it could also suggest that organizations will accept invitations to become involved in statewide policy reforms when it aligns with their mission and/or larger policy agenda. As policymakers elsewhere consider processes for policy reform, they should consider the potential benefits of staff expertise and financial resources these organizations can offer, and weigh those against an assessment of how well these organizations' policy agendas align with specific state needs.

What Can Policymakers Conclude From These Themes?

Each state had different policy approaches to the perceived issues within their higher education structure. Yet in reviewing these policies, aforementioned themes emerged amongst the three states: a recognized need to change the status quo, a framing of the issue within the scope of economic development, strong policy leadership to guide the efforts (including by governors), stakeholder engagement, and the involvement of

outside organizations. Considering these five themes, what can be learned from these

state experiences that could be relevant for California?

Chapter 5

IMPLICATIONS FOR CALIFORNIA POLICYMAKERS

In each of the three states examined in Chapter 4, policymakers developed and implemented public policies in response to shortcomings in their higher education systems. These policies were designed to improve educational outcomes, while also strengthening each state's workforce for the 21st century economy. These states were fortunate to have policy leaders who led the reform efforts by prioritizing the policy, engaging stakeholders to build consensus and ownership, and ultimately securing enough support to implement changes. Each policy was implemented in the last few years, and it is still too early to make sweeping judgments about state-level impacts on educational outcomes. For California policymakers, the efforts in Indiana, Oregon and Tennessee to develop and implement policy reforms – and the reoccurring themes identified in Chapter 4 – provide useful information that could be insightful for future efforts to change higher education policies in the state. In this chapter, I discuss the findings from Indiana, Oregon, and Tennessee as they pertain to higher education issues in California that were discussed in Chapter 2. I then raise some questions regarding implications for future policy efforts in the state. Additional research into these questions may prove useful in future explorations of policy reforms.

What California Policymakers Can Learn from Indiana, Oregon and Tennessee

The First Step is Recognition of the Problem

California does not suffer from a lack of students enrolled in higher education. Between the UC, CSU and community college systems, approximately 2.78 million students are enrolled in a public college or university in the state. As mentioned in Chapter 2, over half of Californians 18-21 were enrolled in college as of 2006. Simply put, California's problem is not an enrollment problem. Like the experiences in Indiana, Oregon and Tennessee, California suffers from a lack of outcomes, in this case college completion. Just as conversations in those three states were spurred in part by recognition that outcomes in higher education were insufficient, so too must California policymakers be willing to engage in a critical examination of the state's three systems of higher education.

Utilize Windows of Opportunity to Engage in Policy Assessment

Policymakers in Tennessee recognized they were an undereducated state, and when their state budget situation became so bad that business as usual was clearly not an option, the Governor led efforts to refocus higher education around outcomes. As noted by two respondents in Chapter 4, the opportunity to engage in these conversations was aided by recent leadership changes at two of Tennessee's universities. Both the UC and CSU systems gained new leaders in the past two years: Timothy White was named Chancellor of the CSU system in October, 2012, and Janet Napolitano was named president of the UC system in July, 2013. Looking beyond the leadership of the university systems, California policymakers can utilize other windows of opportunity as

an impetus to engage in discussions about the need for improved outcomes in the state.

As California policymakers examine the status of higher education outcomes in their

state, they should look to Tennessee's experience to better-understand how to recognize

and utilize key opportunities. Whether it is a leadership change at one of its three

systems, startling research findings, or a sudden shift in public opinion, such

opportunities provides policymakers a chance to engage in discussions about public

policy reforms focused on improved outcomes.

View Completion within Economic Development and Return-on-Investment Lenses

Improving outcomes in higher education benefits both the state and those

receiving degrees, and California policymakers should examine the issue of improved

outcomes through the lenses of economic development and efficient allocation of state

resources. In Indiana, when Representative Dermody presented HB 1348 at committee

hearings, he made sure that other policymakers recognized that the return on investments

in their two financial aid programs were poor. A respondent from the state's higher

education community commented "whenever he introduced the bill, he always talked

about how [the state] was spending $300 million on [the two financial aid programs], yet

only thirty percent were graduating on time" (April 2, 2014). Just as Indiana

policymakers were confronted with these realities, California policymakers are

confronted with similar evidence that current policies are failing to produce a good return

on investment. Multiple studies indicate California needs more college graduates for its

workforce. As noted previously, PPIC projects California needs one million additional

graduates by 2025, and other studies have varied in their projections but agreed on the

underlying point that California's economy needs more degree-holding employees (Carnevale et al., 2010; Johnson and Sengupta, 2009). Current policies are not meeting these workforce needs, as just 59% of students at four-year universities graduate within eight years, and just 48% of students at community colleges transfer or earn a degree within six years. These graduation rates indicate California policymakers' investments in higher education are not generating the necessary outcomes to meet workforce projections.

Achievement Gaps Threaten Equal Distribution of Increased Completion Benefits

Increasing the number of college graduates will likely increase personal income and thereby grow state tax receipts; however, persistent college achievement gaps for students of color presents policymakers with a challenge of how to ensure students of all backgrounds earn a degree and improve their earning potential. Multiple studies have found that those with a college degree earn more money over the course of their lifetime, that their salaries have increased, and that they are less likely to lose their job during an economic recession than those who either did not attend college or attended but failed to earn a degree (Carnevale et al., 2010; Carnevale et al., 2011; Uhalde et al., 2006). Just as Oregon's OEIB reported persisted achievement gaps for children of color in the state, so too must California policymakers recognize this issue in future efforts. California's Latino population has grown significantly, while at the same time the white population has shrunk. This is an important point for California policymakers. White students have traditionally been much more likely to complete college than their Latino counterparts, and achievement gaps between different student groups have persisted. California

policymakers will need to explore strategies for increasing completion rates among its Latino student population if they hope to meet workforce demands and grow the state economy.

Strong Policy Leadership Is Critical to Successful Policy Reform

Whether it concerned improving outcomes, using state resources more efficiently, or closing achievement gaps in higher education, strong policy leadership was critical to policy reform efforts in Indiana, Oregon and Tennessee. In each state, respondents identified leaders who promoted policy changes and engaged other policymakers and higher education representatives in discussions. Indiana's Governor consolidated oversight of financial aid within its existing coordinating entity and asked that degree maps be included in the final legislation, while the development and implementation of policy reforms were driven by key staff from the Commission and Representative Dermody. Oregon's Governor vehemently supported the development of the OEIB, and worked with institutions to arrange for greater institutional autonomy in exchange for meeting state goals developed by the Legislature. In Tennessee, Governor Bredesen took responsibility for driving the CCTA forward, and worked to build ownership amongst stakeholders. While it is a small sample size, reform efforts in those three states indicate that policy leadership in California should come from the Governor or a member of the Legislature willing to make higher education reform policy one of their top priorities.

Governors Are Well-Positioned to Be Higher Education Policy Leaders

Considering that California's Governor has the power to propose the state budget, to veto line items in the final budget agreement, and to veto any legislation approved in

the Legislature, policy proposals developed by members of the Legislature are likely to fail if unpopular with the Governor. While the Governor could be an impediment to reforms, however, evidence from the states examined indicates that significant shifts in higher education policy occur when the Governor supports them. In both Indiana and Oregon, governors supported policy changes relating to higher education coordinating entities. In Indiana, former Governor Daniels expanded oversight responsibility of the Commission to include financial aid, which subsequently led to an assessment of state financial aid policies and ultimately, the development and passage of HB 1348. While initially focused on the creation of the OEIB, Oregon Governor Kitzhaber became very involved in the reconstitution of HECC's responsibilities in 2013. Similarly, one result of Governor Bredesen's leadership in efforts to pass the CCTA was the mandate that Tennessee's coordinating entity THEC develop a master plan for higher education and make recommendations to both the Governor and the Legislature on implementation. The policy leadership of governors in all three states provides strong evidence for the powerful role that a governor can have in higher education reforms. While California's current Governor defunded the state's coordinating entity, a future governor could exercise his or her leadership by reinvesting in CPEC, redefining its responsibilities, or implementing a new vision for statewide coordination of higher education.

Policy Leadership Requires Extraordinary Involvement from State Officials

In addition to supporting specific policies, California policymakers should recognize that efforts in these states also involved constant engagement stakeholders to work through concerns and build consensus. The governors of both Oregon and

Tennessee were directly involved in those conversations, and went above and beyond the usual involvement of governors in state legislation. One state official in Oregon said that Governor had "tied his campaign and his legislative session" closely to the OEIB, and it was a "top three priority" for him during the legislative session (April 21, 2014). Similarly, in Indiana Commission staff engaged in numerous meetings with the state's Financial Aid Administrators Association and financial aid directors from colleges and universities, as did Representative Dermody. Three respondents characterized the level of engagement from Commission staff and the Representative as being above and beyond what they had ever experienced previously. Two respondents from the financial aid community commented on the collaboration that occurred between the Commission and financial aid officials. One commented that "I've been around financial aid in Indiana for quite some time, and at no time do I remember the Commission reaching out to the financial aid community as much as they did" on HB 1348 (May 12, 2014). Whether it is a governor, legislator or government agency, policy leadership will not just involve carrying legislation or putting forward an idea; in the three states examined, policy leadership truly meant making the policy a top priority, and going beyond normal involvement to ensure enactment.

State-Level Entities Provide Important Capacity in Support of Policy Leaders

In all three states, statewide coordinating bodies were utilized in policy reform efforts. In Indiana, the Commission's oversight was expanded by the Governor, and its staff took extraordinary efforts to review and reform financial aid policy to improve outcomes. Tennessee's CCTA policy required THEC to develop a master plan for higher

education, to work with stakeholders to develop the plan, and to provide the Governor

and Legislature with updates and recommendations on master plan implementation

efforts. Lastly, Oregon's *40-40-20 Plan* spurred additional policy reforms, one of which

was the creation of HECC, which was created to be the public coordinating body for

higher education in the state moving forward. While this similarity may be attributable to

the small sample size of just three states, it is nonetheless interesting. In Indiana and

Tennessee, policy leaders included their coordinating entities in the policy reforms, and

in Oregon, policymakers believed that a coordinating body was necessary to achieve their

40-40-20 Plan. Given aforementioned findings from Nicholson-Crotty and Meier (2003)

that states with coordinating boards have significantly lower total costs and tuition for

higher education, it would be interesting to see if quantitative research in these states –

particularly Oregon – could identify correlations between the introduction of a

coordinating body and changes in higher education costs.

Table 1: The Coordinating Entities of Indiana, Tennessee and Oregon		
State	Entity	Description
Indiana	Commission for Higher Education	"The Indiana Commission for Higher Education is a 14-member public body created in 1971 to define the missions of Indiana's colleges and universities, plan and coordinate the state's postsecondary education system, and ensure that Indiana's higher education system is aligned to meet the needs of students and the state."
Tennessee	Tennessee Higher Education Commission	"The Tennessee Higher Education Commission is the state's coordinating agency for higher education…THEC oversees an array of finance, academic, research and consumer protection initiatives that promote student success and support the State's completion agenda for postsecondary education."

Oregon	Higher Education Coordinating Commission	"The Higher Education Coordinating Commission is a 14-member, volunteer board dedicated to fostering and sustaining the best, most rewarding pathways to opportunity and success for all Oregonians through an accessible, affordable and coordinated network for educational achievement beyond a high school diploma."

Implications for Future Policy Leadership Efforts in California

The items discussed in the previous section highlighted potential points for policymakers to consider, and are based off higher education reform efforts that occurred in recent years in Indiana, Tennessee and Oregon. These points were developed from the valuable insights shared by interview respondents familiar with the development and context of those policies. Drawing from these insights and considering higher education in California, I believe there are two additional questions California policymakers and higher education stakeholders should consider as they think ahead.

First, what is (or will be) California's galvanizing force for broad-scale higher education policy reform? In Oregon, it was clear that the state's *40-40-20 Plan* was such a force. Once attainment goals were established for the state, policymakers developed public policies that were designed with these defined outcomes in mind. With leadership from key individuals, the Legislature created two new entities – the OEIB and HECC – that changed how education – both primary and postsecondary – was managed and supervised by the state government. In California, there does not yet appear to be such a galvanizing force. There is ample evidence that improved outcomes are needed to meet workforce demands, and while policymakers occasionally reference the data, there have

not been attempts to systematically assess and rethink what higher education should look like in California moving forward. Is it possible that this is due to contentment among policymakers that the Master Plan still provides the appropriate vision? Is it that California's strong economic position globally alleviates concerns amongst policymakers about the severity of workforce projections? It is unclear, and beyond the scope of this research. It may require the leadership of a policymaker to seize a window of opportunity to engage others in a critical conversation about a vision for the future of higher education in the state.

Second, how – if at all – will California policymakers ensure that its systems of higher education grow and change in a coordinated manner? While CPEC still exists in statute, it has not resumed operations since Governor Brown eliminated its funding in 2011, and no statewide entity has been created to replace it. Data are still available on its publicly accessible website, but there are no data beyond 2010. The CPEC website states "a problem clearly stated is a problem half solved," but without an operational coordinating entity it is unclear who California policymakers should approach to understand broad higher education issues in the state. While Governor Brown seemed to agree in concept that higher education coordination is positive, he believed that CPEC was ineffective. Yet without any authority over the state's three systems, university leaders were free to ignore CPEC's recommendations and proceed in an uncoordinated manner whenever they wished, and they did. While additional research would be necessary, perhaps CPEC was destined to be ineffective because its functions were advisory in nature, and it lacked any actual authority over the state's higher education

systems. This is an additional area in which future policy leadership efforts in the state could focus.

Again, these final questions are intended to provide policymakers and stakeholders with some additional thoughts that are grounded in the review of reform efforts elsewhere and higher education in California. In this thesis, I set out to conduct a qualitative review of policy leadership in state-level higher education reforms. By reviewing the efforts elsewhere, I hoped to better understand the kinds of policy leadership actions elsewhere that led to statewide higher education reforms. This qualitative study had a small sample size, both in terms of the number of states reviewed and the number of interviews conducted for each state. While this research has not produced definitive answers regarding how California should engage in effective policy leadership, my hope is that the findings in Chapter 4 and subsequent discussion of the findings as they pertain to higher education in California provide policymakers and higher education stakeholders with information that can help inform future policy leadership efforts addressing higher education.

Appendix A: Interview Questions

In some areas, I have inserted a placeholder (*change*). This is a placeholder for the specified policy reform in each state that I am examining.

Policy Change & Role

- How would you describe the (*change*)? [prompt: goals, objectives, timeframe, main people/roles involved]

- Did you play a role in it? If so, please describe.

Key Players/Figures

- Who was (or were) driving the agenda to implement the (*change*)?

  - To what extent did they involve other stakeholders in the process?

  - Were there any other strong individual leaders involved in the process? If so, who?

  - Do you think anyone was left out who was critically important?

- To what extent was the Governor/governor's staff played in the (*change*)? [probe: did the Governor exercise traditional powers, or did the reforms not go through a legislative process?] Please describe the role the Legislature played [probe: did they exercise traditional powers, or did the reforms not go through a legislative process?

  - Does the state have a long tradition of strong executive-level involvement in higher education?

- Was there concern about or opposition to the (*change*)? Why or why not? If so, how was that addressed?

Problem Being Addressed

- What was the underlying problem or issue that the (*change*) was designed to address?

- Was it addressing an isolated problem, or was it part of a broader effort within the state? If part of a broader effort, how would you say it fits into that effort?

- Please describe if there were any challenges in implementing the (*change*).

- Do you have a sense if it is working as intended? Please describe. Is any data being used to help measure success or failure? What kinds of data have been most helpful in getting support for the need for the agenda?

- Did the state look toward any other states when developing this reform? If so, which one(s)?

Additional Questions

- Do you have any other insights into the policy that we didn't get a chance to discuss?

- Do you have any additional thoughts? Is there anybody else I should contact?

Appendix B: Consent to Participate in Research

You are being asked to participate in research which will be conducted by Alex Graves, a candidate for Masters of Public Policy & Administration. The purpose of this study is to better understand higher education reform efforts, and this study involves research of implemented higher education reforms in multiple states. The purpose of this research is to 1. Better understand the implemented reforms in other states, in order to 2. Identify what lessons can be learned and to assess how these lessons can be applicable in California.

You will be asked a series of questions. These interview questions have been reviewed both by my thesis advisors and by the CSU-Sacramento Public Policy & Administration Review Board. I anticipate this interview will take between twenty and thirty minutes to complete. Unless otherwise requested, these interviews will be recorded for purposes of transcription. At the end of this form, you can indicate your preference.

I do not believe there is foreseeable risk to the subject. The questions in this interview are intended to provide context and insights into enacted reforms. However, varying levels of confidentiality are included at the end of this form, and you are free to choose whichever you feel most comfortable with. Even with these safeguards, I would note that the number of interviews being conducted in each state examined is relatively small, which raises some possibility of identification.

There are no benefits provided for your participation, nor are there any for me as the interviewer, beyond utilization of information for purposes of completing my thesis. It is my intent to share this information with the Institute for Higher Education

Leadership & Policy (IHELP) for their work to complete a report on postsecondary leadership in California. This will help inform discussions around the state of higher education in California.

Interviews will be recorded and transcribed, unless other preferences are indicated. Once transcribed, recording files will be deleted. Written reference to the interviewee will only include references (if any) that you indicate at the bottom of this form. These transcriptions will be retained on my computer hard drive until December 31, 2014, at which point they will be deleted.

If you have any questions, you may contact Alex Graves at ███████████████ or █████████. You may also contact my thesis advisor, Dr. Andrea Venezia, at ████████ or ██████████.

You may decline to participate in this study without any consequence. Your signature below indicates that you have read this page and agree to participate in the research.

Degree of Confidentiality Requested (Select One):
_____ I am comfortable with my name and title being used for this research.
_____ I am not comfortable with using my name and/or title. Instead, you may refer to me by the following: _____
_____ I am not comfortable with any reference being used in regards to our conversation.

Recording of Conversation (Select One):
_____ I consent to our phone conversation being recorded
_____ I do not consent to our phone conversation being recorded

_____   _____
Signature of Participant   Date

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