DOCUMENT RESUME

ED 202 355 HE 013 864

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TITLE Issues of Statewide Concern in Higher Education.
INSTITUTION Education Commission of the States, Denver, Colo. Inservice Education Program.; State Higher Education Executive Officers Association.
SPONS AGENCY Kellogg Foundation, Battle Creek, Mich.
REPORT NO IEP-045
PUB DATE Jul 77
NOTE 20p.; Paper presented at a Seminar for State Leaders in Postsecondary Education (Keystone, CO, July 1977).

EDRS PRICE MF01/PC01 Plus Postage.
DESCRIPTORS *Accountability; Articulation (Education); Budgeting; Change Strategies; *College Planning; Educational Assessment; Educational Finance; Enrollment Trends; Governance; Government School Relationship; *Higher Education; *State Boards of Education; State Government; *Statewide Planning; Trend Analysis
IDENTIFIERS *Seminars for State Leaders Postsec Ed (ECS SHEEO)

ABSTRACT

The adequacy of existing coordinating and governing structures in higher education is considered. Some of the changed conditions that current boards are confronting are as follows: declining college enrollments, the need to find new student clienteles, the effect of decreased job opportunities for college graduates on public attitudes on funding higher education, financial problems and the growing competition for funds, increased interest in performance audits, duplication of community college occupational programs by upper division colleges, the effects of collective bargaining, the impact of federal legislation and regulations on statewide postsecondary educational activities, and a demand for greater responsibility through further centralization and control by state government. The following responsibilities for statewide coordination and governance are suggested: planning for steady or decreasing enrollments (retrenchment); taking into account in the planning process the total postsecondary educational resources (public, private, and proprietary); relating expenditures to outcomes, to performance audit; reviewing the budgeting process and formulas in terms of their adequacy to deal with problems of contraction; taking in consideration other state priorities; statewide, interstate and regional planning for adult and continuing education and lifelong learning; understanding the issues in collective bargaining and the impact of bargaining on statewide planning, program review, and financing; and understanding state implications of federal programs. (SW)

Inservice Education Program (IEP)

Paper Presented at a Seminar for State Leaders in Postsecondary Education

ISSUES OF STATEWIDE CONCERN IN HIGHER EDUCATION

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Keystone, Colorado
July 1977

IEP Paper No. 045

Education Commission of the States

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The IEP Program has been supported primarily by the W. K. Kellogg Foundation with additional funds from the Education Commission of the States, the Frost Foundation and the State Higher Education Executive Officers

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in 1976 directly took over from the coordinating board the function of budget development and review for higher education. Although new legislation this session has modified the earlier action a major legislative study of higher educational structure has been authorized. In the neighboring state of Nebraska legislation has been passed that assigns directly to the legislature and its committees the task of determining institutional role and scope. Connecticut has just adopted new legislation modifying the coordinating board structure and increasing its powers. In a series of other states from Michigan to Alabama and from Utah to Massachusetts at least some legislators are reviewing current systems and suggesting changes.

The questions that have to be asked are: Why all this ferment at this time? Does this mean that current forms of coordination and governance have failed? What are the issues that are causing public and legislative concern? These are not easy questions nor are they subject to simple answers. Probably the most critical question is the third and the answers to the first and second, to the extent that they have answers, lie in attempting to answer it. It may well be the case, for example, not that current forms of coordination and governance have failed, but that the conditions under which such boards are established no longer prevail. Some aspects of the current problems may in fact have grown out of some of the past successes and failures of such boards, granting that even these may vary considerably from state to state.

Few if any reasonably sophisticated people in higher or postsecondary education or in state government would deny that we are moving into a considerably different period in postsecondary or higher education and

in the relations of state government to higher and postsecondary education than was the case even in the recent past. Elsewhere, I have suggested that the situation might be considered analogous to a new ball game in which the conditions, the playing field, and the rules have shifted, but not all the players have recognized the shift or discovered the new rules. In fact this is not surprising because one striking characteristic of the new game is that the rules themselves seem to be in a constant state of transition.

It should be remembered that while the first coordinating board goes back to 1784, the major period of the development of coordinating and governing boards occurred from 1960 to 1972. During this time 23 such boards were established with a 24th added in 1976. Today if we include 2 executively appointed planning boards, all 50 states have boards of some type although these vary tremendously in authority, responsibility, composition and even size of operations. Of these 19 are governing boards, 29 are coordinating boards, and 2 are executively appointed planning boards. The period of major development of coordinating boards coincided not accidentally with the largest period of expansion of higher education in the history of the country. Between 1960 and 1970 alone enrollments increased 126 percent; expenditures increased 207 percent; and states built more than 400 new campuses. Most of the boards established by statute or constitution during this period were charged with "providing for the orderly growth of public higher education." Most of the powers given to such coordinating boards (in contrast to governing boards) were related to problems of growth such as review and/or approval of new programs, developing priorities for capital outlay, master planning for program complementation, and budgetary review for assuring

equity in meeting needs. On the whole these boards performed these functions well. Today the situation is very different and, as noted, the question becomes not whether they succeeded but whether existing boards are adequate to deal with the changing conditions.

While many of you are intimately familiar with some of these changed conditions, at a seminar like this they may well be worth briefly reviewing.

The first among these changing conditions is the student situation. To some extent expansion has continued at a lesser rate and somewhat unevenly in different types of institutions from 1970 through 1975. While enrollments dropped slightly this last fall (1976) they may continue to expand unevenly until 1980 although this is doubtful. However, you are also aware of the demographic facts in relation to the traditional college age population -- the 18- to 24-year-olds. This group will decrease in the 80s and there is little evidence that it will increase in the 90s. Even the Carnegie projections that the next decade of substantial growth will be from 2,000 to 2,010 is at best speculative. While the national average is supposed to drop by 4.1 percent by 1985 in some states the drop may be as large as 22.3 percent. In only 4 states are modest increases in the age group expected. The predictions for future enrollment, while varying considerably depending upon the source, are not for further expansion but at best for holding about even assuming a shift in enrollment in most institutions to older students and at worst a radical decline. Added to the population change is the drop in number of high school graduates going on to college from 55 percent in 1968 to 48 percent in 1974 plus the fact that the proportion of high school graduates to total high school age population instead of continuing

to increase as predicted in the 60s has not only levelled off but started to decline. Clearly not all institutions will be equally affected. The regional public colleges and universities and the non-prestigious smaller private institutions may have the most difficult time but major increases anywhere are likely to be rare indeed.

The colleges and universities are thus on the whole faced with prospects either of declining enrollments or developing new student clienteles, or more likely both at the same time. While there may indeed be a large group of older citizens potentially interested in further education, the assumption that they will compensate either for the declining 18- to 24-year-olds or that they will, if they come, engender the same or increasing levels of state support are at least open to question. Average college-going age has gone up in the last few years. Close to half of the current college students are over the "traditional" college-age and one in every ten students is over 35. The question can at least be raised as to whether the more interested older students are not already present, and one may wonder how large the actual reserve of additional interested adults is. It is reasonably clear that additional older adults will not come in large numbers simply by opening the doors of traditional institutions to such students. The institutions that have had most success in involving older students are those that have been willing to make major changes in curriculum, services, and modes of instruction to take education to the students rather than expecting the students to come to education. Even the assumption that increased numbers of older students will bring increased funding is also open to question. Some governors and legislators have taken the position that working older students and not the state should be willing to pay more of the costs of their additional education.

In addition to the enrollment picture there is considerable state and national concern with what appears to be overproduction of highly educated manpower not only among persons with doctorates but of college graduates in general, many of whom appear to be unable to find employment commensurate with their educational backgrounds. Projections that less than 20 percent of the labor force need college degrees do not help and the "college, who needs it?" attitude is still growing and has had impact on both public and private funding sources including legislators. More than a few people at the state level argue that if additional funds are to be spent for postsecondary education they should be invested in more clearly vocational and occupational areas rather than in general support for higher education.

To the student situation must be added the fiscal situation. Some of the private institutions were beginning to feel the pinch between inflation and escalating costs on the one hand and restricted sources of income on the other as early as the mid-60s. By the early-70s legislators in some states were becoming alarmed at increasing costs and demands for funds for public institutions. This was complicated by the growing credibility gap between the public including governors and legislators and higher education, a gap growing out of student unrest and what was and still is perceived, whether correctly or not, to be less than efficient management of higher educational institutions. Since then, with recession and depression, the situation has become progressively more difficult. State budgets have been trimmed. In a few cases appropriations for higher education have actually been decreased. In most states the rate of increase for higher education has been reduced. A number of states and systems have had mandatory cutbacks. The picture

is obviously further complicated by the fact that costs have escalated in all other government service areas as well and higher education has lost its priority status. Given the higher priorities in welfare, health, energy, conservation and highways, the hard fact seems to be that even with the upturn in the economy and re-emergence of state surpluses the likelihood in most states of major new funds for higher education is not great.

Added to these other higher priority areas is the growing competition for funds within education between elementary-secondary education and postsecondary education. In some states this is already acute. Even though enrollments are dropping in elementary-secondary more rapidly than higher education, public concern with a return to the basics and reform in elementary-secondary education, continued concern with school district equalization, and increased costs relating to federal programs such as the new handicapped legislation tend in many quarters to give elementary-secondary education a higher priority than postsecondary education.

As the funds have become tighter and the priority for higher education has dropped, a third factor has become progressively more important; that is, the demand on the part of state government and the general public for greater accountability. This demand for increased accountability is also in part a byproduct of the period of student unrest and the credibility gap we mentioned earlier. Few people even within the higher education community would deny that institutions should in fact be accountable for the effective, even efficient, use of public funds and to a greater or lesser extent they always have been. The new emphasis upon accountability has, however, taken a number of different forms, some of which extend

considerably beyond fiscal accounting for the use of funds. Among these have been development of management information systems, program budgeting, zero-based budgeting, performance audit and program review.

As the fiscal situation has tightened and decision making has become more difficult, institutions and state agencies as well as legislators have progressively come to recognize the need for more effective information systems and revisions in the budgeting process. To some extent with the help of such organizations as the National Center for Higher Education Management Systems, including the State Level Information Base Project, the American Council on Education and the National Association of College and University Budget Officers institutions and state agencies have themselves taken the lead in developing instruments for more effective reporting and analysis. Budgeting is, however, another matter and there is real question whether enrollment driven budget formulas which work well in periods of expansion will be adequate to periods of contraction. In addition, in some states there is considerably less than congruence between the ways in which higher education budgets and other state budgets are developed and requests made.

A more recent development with far-reaching implications for state higher or postsecondary education agencies and institutions has been the growing state interest, even demand in some cases, not only with fiscal audits but with performance audits. Some 20 states have developed their own counterparts to the federal Government Accounting Office established as legislative or executive independent auditing agencies. While these have not been established primarily to audit higher or postsecondary education, higher education or some component of it frequently has been a first target or primary concern, for unlike other areas of public service, it usually is not tied to mandatory funding formulas.

Unfortunately, the state-of-the-art of performance audit is not very advanced. It does bring into play issues of outcomes, results and effective means of achieving them. The question of criteria to be used in such audits is critical and does move to the heart not just of fiscal but of academic effectiveness. Far too frequently when such audits are attempted by independent government agencies the prime criterion is likely to be efficiency rather than educational effectiveness. If educational effectiveness is to be measured, serious question can be raised as to whether noneducational government agencies are equipped to do so and, if they do, whether this does not weaken the integrity of the academic process. But the insistance upon such audits of educational effectiveness not only remains but is likely to increase and the question becomes whether the state higher education agency in cooperation with the academic community is able or willing to undertake such audits. If not, it seems rather clear that there are others who will do so, whether qualified or not.

A fourth factor has been the recognition at the state level as well as federally that public higher education, while an essential part, is only one part of the postsecondary education universe. It does not even comprise all of public postsecondary education for in many states it does not include much of public postsecondary vocational education. And yet the states are spending considerable amounts of money on public postsecondary vocational education, sometimes in direct duplication of occupational programs in community colleges and even regional colleges and universities. Public higher education obviously does not include independent higher education or proprietary education yet both of these sectors constitute important parts of the resources of the state in postsecondary education. State concern particularly for reinforcing the

independent institutions, for including them in resource analyses, is clearly evidenced in the fact that some 43 states make some form of direct or indirect aid available to them now. It has become clear that in planning and in considering the postsecondary education resources of the state, the full range of postsecondary education in the state is going to have to be taken into account from now on.

A fifth factor that should at least be noted is the continuing development of collective bargaining on the nation's campuses. What the full impact of faculty collective bargaining not only on individual campuses but on statewide coordinating and governing systems will be is not yet clear. While it is not yet a nationwide phenomenon it is becoming so. Where collective bargaining has made inroads it has not only changed intrainstitutional modes of operation but in some states, e.g., New York, has led to negotiations of faculty bargaining units not with the local or system administrators but with the Office of Employee Relations in the governor's office. The implications of this for direct state involvement in the daily affairs of campuses are somewhat staggering. Whether the state coordinating or governing board is directly involved in the process or not, the board will have to take the impact of collective bargaining into account in planning, budgeting and operational limitations. It is still not quite clear (in spite of the City University of New York experience) what the role of faculty bargaining units will be when and if retrenchment, program review and consolidation, and performance audit come more fully into play. It can reasonably be assumed, however, that collective bargaining is not likely to make the process easier.

A sixth factor of growing importance is the impact of federal legislation and regulations on statewide postsecondary educational activities. In

one sense this is nothing new. State approval agencies for veterans affairs go back to the G. I. Bill at the end of World War II. The Higher Education Facilities Act of 1963 called for statewide facilities commissions with responsibilities for planning and priorities in allocation of funds. The Higher Education Act of 1965 added community service and continuing education advisory committees. The Education Amendments of 1972 permitted the designation of existing state higher education agencies or creation of new postsecondary education planning commissions and related these to planning for community colleges (Title X A, never funded) and postsecondary vocational education. The Education Amendments of 1976 in addition assigned to states the responsibility for planning in relation to lifelong learning and educational information centers. Through the 1972 and 1976 amendments states were encouraged to develop or expand their scholarship programs and those states not already in the guaranteed student loan business were given incentives to do so. In addition federal affirmative action, civil rights and handicapped legislation have direct impact on state agencies as well as state institutions. No one is yet sure what the impact of the new handicapped legislation will have in proscribing free education to handicapped persons to the age of 21. These are examples rather than the full picture. What is new is the range of federal programs that call for statewide plans and impose regulations and additional responsibilities on state agencies. There is little indication that this will lessen. What it means is that progressively more staff and time on the part of state higher or postsecondary education agencies will have to be devoted to state planning for federal purposes (as well as state purposes) and to deal with federal regulations and programs. It is critically important that the state and federal programs be looked at and planned for in relation to each other.

A seventh factor is what might be described as changing legislative and executive expectations. We have touched on this in accountability and performance audit. In some respects it might be considered a further elaboration of accountability or as a reaction to what has been perceived, whether correctly or not, by some legislators and governors as lack of accountability. It is what might be described as a demand for greater responsibility through further centralization and control. It reflects a feeling that coordinating and even some governing boards are too weak or not sufficiently inclusive, that institutions have not been willing to cooperate effectively with them and have been and are engaged in end runs, and that the only way responsibility can be fixed and the hard realities of today dealt with is by establishing a strong single governing board for all public institutions that can control the system and make the hard decisions necessary. While this may be considered by some an overly simplistic answer, it nevertheless not only is a real alternative but one that is appealing and does address some of the problems. A coordinating board by the nature of the case is in a difficult position. It is likely to be suspected by the legislature and governor as being a front for institutional interests and by the institutions as being the hatchet group for the legislature and governor. While the governing board is clearly the protagonist for its members it has the advantage from the legislative and executive points of view of being one body or even, in the president or chancellor, one person to deal with instead of many and one focus of responsibility for seeing that the system operates. Such consolidated governing boards have worked in some cases and may indeed be appropriate answers for some states.

However, there is a further step beyond this or an alternative to it. There is developing in some states a trend to move responsibility for

higher and postsecondary education decisions directly to the executive and/or legislative branches of the state government. With the growth of executive and legislative staffs where institutions do not work effectively with coordinating agencies or governing boards or where there is a concern that a single governing board would create a consolidated protagonist, the tendency is for executive and/or legislative branches of government to take over directly the major functions of budget review, audit control and decision making for higher or postsecondary education. We began by pointing out that in Colorado last year a powerful joint budget committee of the legislature abolished the budget preparation review functions of the coordinating board and reserved these wholly to itself and that in Nebraska a law has been enacted that places the responsibility for developing institutional role and scope in a legislative committee. In some cases it has been proposed that the planning functions be taken over by a general state or governor's planning agency where higher or postsecondary education is considered only one among competing state agencies seeking funds. The message seems to be clear. If institutions are not willing to work cooperatively with appropriate state postsecondary education agencies or the agencies are not able to exert the leadership to develop effective planning and program review, the executive and legislative offices of state government are prepared to move in to create more centralized and responsive agencies or to take over the functions of coordination, decision making and control themselves.

This brings us back full circle to the questions with which we began. In the light of these changed conditions what are the "new" responsibilities for statewide coordination and governance? I might suggest a few. A number of these have already been suggested in noting the changed conditions.

Some of these are new only in the sense of being more urgent or critical then before. Others have recently emerged as matters of major concern. The list should be considered as illustrative and not exhaustive.

First, statewide planning has always been a major responsibility of statewide coordination and/or governance. But the nature of that planning has changed. Instead of planning for expansion, the much more difficult planning for steady or decreasing enrollments, for retrenchment, is now crucial. If this is to be done it will require systematic program review not just of new programs but of existing programs, establishment of priorities with a view to protecting quality, preserving diversity, and eliminating duplication and nonacademically productive programs. Such planning needs to be done in cooperation with and with the full involvement of the institutions so that whether they are happy about it or not they at least understand why and are not taken by surprise.

Second, and closely related, the total postsecondary educational resources in the state need to be taken into account in the planning process -- public, private and proprietary. This admittedly will be difficult, particularly for governing boards. A number of states have, however, taken steps in this direction and unless all sectors are involved and are willing to accept some responsibility for such review the end result is likely to be penalizing one system to the advantage of the others or reinforcing one system at the expense of the others and effective utilization of resources to meet the postsecondary education needs of students will not be accomplished.

Third, far more attention will have to be paid to relating expenditures to outcomes, to performance audit. Again unless state higher or postsecondary educational agencies are willing to move in this direction

themselves others will do it for them. For the health and integrity of the postsecondary educational community it is critically important that the criteria for such audit be developed by the postsecondary education community. The demand for assurance of minimal competency, currently a major issue in elementary-secondary education, will in one form or another impact the higher education community as well. Legislators, governors, students and the public are and will be increasingly concerned not only with the efficient but with the educationally effective use of funds. The general answer that education is a good thing is no longer adequate. They want to know how, in what ways, and for whom.

Fourth, the nature of the budgeting process will need to be thoroughly reviewed and formulas reexamined in terms of their adequacy to deal with problems of contraction. Enrollment driven formulas may be wholly inadequate under such conditions. We may need to look at such factors as fixed and variable costs and marginal utility in relation to program costs. Coordinating and governing agencies may need to work much more closely with state budget officers and legislative budget analysts in attempting to bring more effective common coordination in the budgeting process, at least to the point of agreeing on conversion factors. Further, budgeting in many states needs to be much more closely related to the planning process and vice versa.

Fifth, while it is not the function of coordinating or governing boards or institutions to set other state priorities, it is important for such agencies and institutions to become aware of what these other priorities are and the ways in which such priorities complement or conflict with those in postsecondary education. This is particularly the case in

relation to elementary-secondary education. One of the major problems in the near future may well be competition for funds within the education community between elementary-secondary and postsecondary education. Some common planning between the two is increasingly essential.

Sixth, of growing importance now is effective statewide and interstate-regional planning for adult and continuing education and lifelong learning. This has already become a competitive battleground. The Mondale Amendment in the Amendments of 1976 has made lifelong learning (whatever it is) a national priority. As suggested earlier if traditional colleges think that older students are going to fill the gap left by declining 18- to 24-year-olds they may be sadly disappointed. But unless some effective planning takes place now both the older students and the institutions are likely to be disappointed and the chaos that presently prevails in some states is likely to get worse.

Seventh, whether or not state coordinating or governing boards are directly involved in the collective bargaining process, it is essential that they be fully aware of it, of what is being bargained for and of the impact of bargaining on statewide planning, program review and financing.

Eighth, whether or not the federal agencies responsible for programs effecting the states get together, it is critical that state coordinating or governing boards not only fully understand state implications of federal programs but that at the state level these be looked at and planned for in relation to each other and state priorities. It is also important in cooperation with national and state organizations such as the State Higher Education Executive Officers and the Education Commission of the States to work to insure that the states' concerns are made clear to national legislators.

Finally, and fundamentally, it is of basic importance that the lines of communication between coordinating and/or governing agencies not only with their institutions but also with legislative and executive branches of state government be kept open. Recognizing the importance of the latter is not to politicize higher or postsecondary education but to enable legislators, governors, state higher or postsecondary education agencies to work more effectively with each other to meet the critical problems ahead. Formal hearings alone are inadequate to deal with the complex issues involved. The communication should be two-way and continuous. Only if this occurs can the confidence essential to effective operation be built.

To the question, can existing coordinating and/or governing boards deal with these changing responsibilities and the complex issues that lie ahead, it seems to me that the answer has to be that some of them can and some of them, without modifying their functions and powers will not be able to. Purely advisory coordination may soon join voluntary coordination on a statewide level as a thing of the past. The alternatives today appear to be relatively strong or regulatory coordination, consolidated governance or direct legislative and/or executive intervention. If the latter is to be avoided, then the roles not only of the executive but of the academic and fiscal officers of statewide boards are going to become both more difficult and more crucial. On how effectively they can work not only with their own boards but with the institutions, the executive and legislative branches of state government and the public may well depend the future and the integrity of postsecondary and higher education in this country.

The issues with which you are dealing in this seminar are basic and need continued discussion, analysis and implementation which extend far beyond these three days. If challenge is what you thrive on you should thrive mightily, if occassionally shortly. The one thing I would urge, however, is that in dealing with particular issues you not lose sight of the wider context which makes these issues not just technical concerns but the substance of the future of higher and postsecondary education for the decade ahead.

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Speech by Dr. Richard M. Millard for the Inservice Education Project Seminar on Academic Affairs for State Level Officers. Held July 18-20, 1977 in Keystone, Colorado.