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ABSTRACT

The importance of legislative initiatives to improve postsecondary education is discussed, along with mechanisms that legislatures have used to induce change in higher education, and guidelines for action. Structural obstacles to improvements that have confronted most public colleges include lack of clear priorities, fragmented responsibilities, lack of incentives for improvement, and lack of information about effectiveness. In attempting to promote improvement in higher education, state legislatures have two main tools: (1) changing the budgetary allocation process to provide special funds for needed improvements, or to reward and encourage successful performance; and (2) exerting control over college behavior directly through regulation or statute. Budget-based approaches include modifying enrollment-driven formulas; linking a portion of total dollar allocation to each college, based on demonstrated effectiveness (performance funding); and special-purpose funds. Regulatory approaches include testing as a condition for advancement, testing as part of instructional evaluation, curricular requirements, use of existing audit and review procedures, and reporting and data collection requirements. (SW)

THE LEGISLATIVE ROLE IN IMPROVING POSTSECONDARY EDUCATION

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Over the past year, improving the quality of public colleges and universities has become a prominent issue for many state legislatures. Partly this is because of parallel and far deeper public concerns with effectiveness in elementary and secondary education. In the wake of A Nation at Risk, higher education has recently issued its own series of national reports; these reports seriously examine institutional effectiveness, and legislators have quite naturally wanted to follow up on their implications. At the same time, legislative concern arises from a growing awareness that higher education has an important role to play in maintaining economic development, productivity and competitive advantage. Warning signs about the long-term potential of American industry in the face of foreign competition have spurred state governments to examine the role of postsecondary education in maintaining and developing this asset. Whatever their source, these concerns have resulted in a range of recent legislative initiatives for postsecondary eduction. The purpose of this report is to briefly discuss the need for such initiatives, to outline the some of the mechanisms legislatures have used to induce change in higher education, and to provide some guidelines for future action.

What's the Problem?

Historically, the case for state involvement in postsecondary education rests on two foundations. One is a demonstrable connection between higher education and economic growth. In the development of strategic high technology

industries, the presence of a strong university research and graduate teaching base has been long recognized as critical. At the same time, industries and employers of all kinds prosper if new manpower is available with appropriate basic and advanced skills. A second historic foundation of state involvement is access. Participation in postsecondary education brings with it a range of individual social and economic benefits; as a result, public regulation entails a responsibility to ensure that access to these benefits is equitable and provides maximum opportunities to develop individual talents.

These twin foundations have provided a rationale for public support of higher education since the creation of the land grant institutions in the mid-nineteenth century. Today, however, state support underlies a vast and complex array of institutions. Since 1950, the total number of accredited higher education institutions has increased by over 60%, and the vast majority of this increase has been in state-supported colleges and universities. Over 1500 state-supported institutions currently enroll a total of more than six and one-half million full-time-equivalent students--over three-quarters of those attending college. Types of institutions range from complex "multi-versities" with national research standing and rigorous admissions standards to small, rural two-year colleges with enrollments of less than 500 students. Between these extremes are institutions as diverse as former state teachers' colleges aspiring to be comprehensive regional universities, specialized professional and technical institutes, and large multi-campus urban community colleges.

The students attending public colleges and universities have also changed. Postsecondary enrollments has more than quadrupled in the last 35 years, and with expansion has come a corresponding diversity. Over half of currently enrolled students are women, more than 15% are ethnic minorities, and more than

40% are over 25 years old. Demographic diversity has meant divergence from typical patterns of attendance: over 40% of current students attend part-time, almost half commute to college, almost a third of new freshmen have delayed their entry into college by at least a year after graduating from high school, and more than half of those seeking a "four-year" college degree take more than four years to complete it.

Diversity in itself, of course, is not a major cause for concern. But increased diversity does call attention to the need for clarity in higher education's objectives. Indeed, one reason for growing legislative attention to higher education is prompted by a straightforward desire on the part of those who fund the enterprise to understand exactly what a state's higher education system is supposed to do.

More importantly, there is growing evidence that public postsecondary education may not be effectively doing some of the things legislators feel it should be doing. Simultaneous with declines in test scores among high school graduates, for example, have been declines in 11 of 15 major subject areas on the Graduate Record Examination administered to many students at the end of a four-year college program. National figures on program completion indicate that only about 60% of those who begin college with a four-year degree in mind in fact achieve this goal. Clearly much of this deterioration can be attributed to changes in who goes to college and to the poor preparation many students receive in high school. But much of the responsibility rests with colleges and universities themselves.

What Needs to be Done?

Before deciding what questions to ask and what policies to consider, legislators need to be aware of the kinds of problems that higher education faces. Unlike the elementary/secondary world, there is no lack of basic talent in college classrooms. Nor are colleges and universities for the most part dealing with student populations so deficient in basic skills as to render them essentially ungovernable or unteachable. Instead, the problems of higher education have largely been those of establishing instructional improvement as a real priority, of changing organizational structures to foster and encourage self-examination and improvement, and of providing clear incentives for needed change.

In most public colleges and universities, improvements in effectiveness--particularly in the critical area of undergraduate instruction--must overcome a number of structural obstacles. Among them are the following:

- Lack of Clear Priorities. Public colleges and universities are often bewilderingly multi-functional. Because of a stated desire to achieve everything, focused allocation of resources to key functions is difficult. The undergraduate teaching function tends to be partiuclarly neglected in favor of activities with greater glamor.

- Fragmented Responsibilities. The strong departmental structures of most colleges and universities, and a division of labor between "academic" and "student service" functions, generally means that responsibility and accountability for student success and failure is

badly divided. Student success is everybody's business but nobody's explicit responsibility.

- Lack of Incentives for Improvement. Like the allocation of public funds to institutions themselves, most budgetary allocation within public colleges and universities proceeds on the basis of teaching volume rather than on the basis of demonstrated quality. As a result, few mechanisms exist for either rewarding exemplary performance or for encouraging innovation.

- Lack of Information About Effectiveness. Assessment of the actual learning outcomes produced by colleges and universities, while a growing activity on many campuses, is still seen as illegitimate by many faculty and as insufficiently precise by many others. More importantly, few mechanisms exist for introducing such information into the actual process of decisionmaking on campus.

State government has a role to play in overcoming these obstacles. But the nature of higher education governance and philosophy makes this role a special one. Historically, colleges and universities have been decentralized and largely self-governing enterprises. Their major organizational strength has been their ability to provide a stable environment for individual inquiry and experiment--an environment removed from the shifting demands of the marketplace and public opinion. Mechanisms such as strong faculty governance, peer review, and departmental autonomy are well suited to provide such an environment. Such mechanisms also give colleges and universities a considerable capacity for self-improvement. But the changes that ultimately stick must come from within.

The result can be a paradox for state authority. On the one hand, if higher education is left entirely to itself, needed improvements will probably not take place. On the other hand, if state regulatory authority is applied visibly and directly, the very mechanisms for effectively achieving improvement within institutions may well be threatened. The key to success, therefore, is to develop policy mechanisms that trigger and reward institution-level efforts toward self-improvement.

Furthermore, attaining statewide objectives may imply maintaining substantial differences among institutions, and avoiding single-factor definitions of quality. Such policies as uniform admissions standards and common capstone examinations may well increase "quality" levels at individual institutions. The question for legislators is what consequences such policies may have for attainment of a highly differentiated set of statewide objectives.

Taken together, these points imply two distinct imperatives for state authority:

- State regulatory and funding policies should create an appropriate climate and a set of concrete incentives for inducing institutional self-improvement. Legislative action should provide mechanisms that stimulate change from within rather than intervening directly into the academic decision process. Legislative action should also involve using a number of policy levers in concert to achieve a well-recognized and articulated common purpose. Funding mechanisms, regulations and reporting requirements, admissions standards, financial aid and other access mechanisms, and program approval and review policies all should be consistently developed to achieve uniform ends.

- State governments should explicitly monitor the performance of of the state's higher education system as a whole by collecting appropriate measures of effectiveness at regular intervals. State authority must clearly define the overall objectives to be achieved through postsecondary education, and should clearly articulate these objectives through the types of data that they periodically collect.

These two roles are distinct, but are mutually supporting. Concrete, reliable, regularly collected information on effectiveness is needed to guide overall policy development aimed at institutional self-improvement. At the same time, the actual information collected and the form in which it is required will provide a clear signal to institutions about the priorities that the state considers important and intends to pursue.

What Mechanisms Are Available?

In attempting to effect qualitative improvement in higher education, state legislatures have two major tools with which to work. First, they can change the budgetary allocation process to provide special funds for needed improvements, or to reward and encourage successful performance. Secondly, states can exert control over institutional behavior directly through regulation or statute. Some current examples of each approach are provided below:

1. Budget-Based Approaches

Probably the most powerful single lever available to states to influence institutional behavior is their method for allocating resources. But by its very nature, use of the allocational level tends to be limited: given substantial current investments and the need to maintain the asset, shifts

in actual dollar allocations among institutions tend, appropriately, to be long-term and marginal. Among the budget-based mechanisms that appear to be most promising are the following:

- Modifying Enrollment-Driven Formulas. About half the states currently allocate higher education dollars on the basis of enrollment-driven funding formulas. Such formulas concentrate on input and activity measures--items such as enrollments, faculty, and gross square footage--which are readily quantified. As a result, formulas tend both to reward quantitative growth over qualitative improvement and to induce institutions with quite different missions to engage in similar kinds of behavior. Some attempts to modify existing formulas to mitigate these probems include Arizona and Kentucky which use a "peer group" approach to help determine faculty salary requirements: data about each institution is compared with a distinct group of comparable institutions drawn nationally. Kentucky's approach also encourages institutions to pursue their distinctive missions by developing formulas with a wide range of input factors--factors that reflect differences in clientele served and programs delivered. In Tennessee, funds are also allocated through differential formulas to reinforce differences in assigned mission; for example, research support is allocated on the basis of the institution's past emphasis on research as reflected in the kinds of outside support it has attracted.

- Performance Funding. The performance funding approach ties a portion of total dollar allocation to each institution on the basis of demonstrated effectiveness. In Tennessee, for example, the

Instructional Evaluation Schedule calls for 5% of instructional budget to be allocated to institutions on the basis of five institutional performance criteria including student achievement in general education, student achievement in the major field, and student educational satisfaction. In Missouri, some instructional improvement funds have been allocated to individual institutions on the basis of promised demonstrable changes in student performance. A limited application of the performance funding approach is illustrated by New York's capitation grant program (Bundy Funds) which provides institutions with support for actual degrees produced. This approach has much in common with federally funded capitation grant programs in the health professions. Finally, in Florida, matching funds are provided to institutions to fund endowed chairs to provide an incentive for institutions to seek funds for this purpose.

- Special-Purpose Funds. A broader approach is to set aside special purpose funds for allocation to support exemplary programs on a competitive basis. States like Virginia are using such set-aside funds to establish grant-like programs that foster innovations in curriculum or administration at the institutional level. Tennessee's "Centers of Excellence" program provides institutions with additional funds for refining curricula and programs with the potential of becoming nationally competive. Colorado has recently established a similar program through legislative action. In New Jersey, special-purpose grant funds are being used at different institutions for purposes such as establishing an experimental

cooperative education curriculum and implementing a "value-added" testing program to determine weaknesses in curriculum.

Performance-based or set-aside and categorical grant programs have the major virtue of allowing enrollment-driven formulas to do what they do best. Formulas are at their best in providing base funding to maintain fundemental operations and assets and to reflect the demand for access, while limited set-aside funds can provide flexible incentives for innovation and qualitative improvement.

2. Regulatory Approaches

Rather than changing the allocation process, a number of states have opted to directly require certain kinds of activity as part of their exercise of regulatory authority. Many mechanisms are available in this arena. Among the most common are the following:

- Testing as a Condition for Advancement. Several states have responded to public concern about academic quality by mandating that individual students demonstrate specific levels of performance. Some states, for example New Jersey and Florida, have established statewide testing programs in order to set minimum college entrance standards. Other states have implemented or are contemplating "rising junior" tests of academic skills as a condition for advancement beyond the sophomore year. Among the most notable such programs are Florida's "College Level Academic Skills Program" and Georgia's somewhat similar testing program--both of which began with legislative initiatives. Finally, some states are experimenting with exit testing in specific disciplines. In Mississippi and

Missouri, graduates of teacher education programs must score above designated levels on a standardized achievement test as a condition of graduation. In South Dakota, the public higher education system is currently implementing a requirement that all students be tested in comparison with national norms for performance in their major fields.

- Testing as Part of Instructional Evaluation. A different approach is to use student test results in the aggregate to improve curricula and instructional methods. This approach recognizes the fact that a single test is a slim basis upon which to judge an individual, but that a pattern of test results over time may reveal a lot about the effectiveness of a particular program. Tennessee's Instructional Evaluation Program, for example, requires the use of a designated test of general knowledge (the College Outcomes Measures Project of the American College Testing Program) for assessing the effectiveness of general education. New Jersey recently adopted a requirement for assessment at the end of the second year for purposes of instructional evaluation, although the instrument to be used is as yet undecided.

- Curricular Requirements. Instead of requiring specific performance, states can require that certain kinds of activities take place in college classrooms. In Florida, for example, all college freshmen must write a minimum of 50,000 words in the course of their initial year. At the same time, Florida requires that class sections for teaching writing skills in the freshman year be limited to fifteen or fewer students.

- Use of Existing Audit and Review Procedures. Most states already have procedures in place for auditing institutional performance, or for statewide program review. A recent trend has been to make such reviews more tied to explicit performance. For example, in Hawaii a new statewide program review process for community colleges is currently being pilot tested that includes substantial data on student placement and performance. Somewhat similar programs are already in place in such states as Maryland and Oregon.

- Reporting and Data Collection Requirements. A final mechanism, more indirect, is to require institutions to produce regular data on instructional effectiveness as part of their statistical reporting obligations. Even if funding levels or programs remain unaffected, the act of requiring data on student progress or performance can signal concern about quality issues, and can begin the process of change. North Carolina, for example, requires campuses to submit data on student progress through the curriculum, and as a result all public institutions have the capability to more effectively monitor student progress. Both Florida and New Jersey have implemented unit record systems that allow students to be monitored uniformly throughout the public university system.

In contrast to funding incentives, use of the state's regulatory authority may allow direct communication of what is wanted and intended. Because finance mechanisms tend to be indirect, institutions can sometimes find ways to meet the requirements for incentive funding without making substantial changes. The specificity of regulations, however, can become a weakness when more general improvements are sought. Statewide testing programs, for example, may induce

specialized institutions, whose graduates ought to be distinctive, to produce similar products. Furthermore, testing programs, by their very nature, tend to direct attention to the test itself rather than what is being measured. So long as the tests chosen actually match state concern, this is not a problem; "teaching to the test," despite its odious sound, may be exactly what is wanted. But care should be taken to ensure that institutions are assessed on other performance criteria as well.

Some Guidelines for Action

All of the above mechanisms are available to state governments to stimulate change in higher education. Experience with them so far has been limited, but suggests several broad guidelines for state policy.

- Recognize that diversity among colleges and universities is healthy and should be preserved. Considerable research has shown that the most effective colleges and universities are those with explicitly focused, distinct, institutional missions. State policy should be carefully fashioned to avoid funding or regulatory policies that might homogenize important institutional differences and thus dilute overall effectiveness.

- Create positive incentives and opportunities for institutional improvement. Successful change efforts at colleges and universities have in the past been based on reward for appropriate behavior rather than on "punishment" through regulation or denial of support. Certainly reallocating resources from ineffective to effective areas should be a part of any improvement program; but experience suggests

that the overall tone of policy should be one based on reward for initiative rather than on threats of lost support.

- Visibly distinguish funding incentives for quality improvement from regular institutional funding mechanisms. Maintaining a distinction between "base" and "improvement" funding removes much institutional resistance to change. So long as quality improvement mechanisms are visibly bounded, institutions will feel less threatened by such programs and will less likely oppose them. Experience suggests that incentive funds of this kind be limited to less than ten percent of total allocations.

- Allow institutions and systems considerable discretion about how to accomplish quality improvement, but make them accountable for regularly demonstrating that they are making progress. The emphasis of state policy should be placed upon setting appropriate statewide goals for higher education, and upon monitoring actual performance. Individual institutions or systems should be held accountable for (1) demonstrating through concrete data that they are in fact producing a viable educational product consistent with their assigned mission, and (2) demonstrating that they have in place self-assessment and self-corrective mechanisms for dealing with detected problems on the spot.

- Stress the use of concrete, quantitative information on college and university performance. Successful quality improvement efforts in the past have been founded on the collection and public display of effectiveness information. Using explicit measures to assess a complex process has many dangers, but has the substantial advantage of

providing clear signals on what is considered important. Concrete data also allows problem areas to be immediately identified and addressed.

- Use multiple indicators of institutional and system performance. While concrete information is important, single indicators of effectiveness should be avoided. Concentrating on only one or two indicators of performance creates powerful incentives for institutions to manipulate the indicators rather than to actually change what they are doing.

- Wherever possible, use existing information. Institutions and state higher education systems already collect a wide range of data on performance. However such data tend to be underutilized because there are few mechanisms that tie performance to reward. Processes such as regular, periodic statewide program review or evaluation have the potential for surfacing such data and allowing it to guide improvement programs.

- Don't try to do it all at once. The best educational improvement efforts start small and work on the margin to improve effectiveness. Sweeping programs on short timelines are particularly threatening to an enterprise that operates on the basis of long-term consensus and careful trial-and-error testing of alternatives. Given this, a good place to start may be a grant-like "centers of excellence" approach to reward institutional intiative. If grant awards are tied to an obligation to demonstrate program effectiveness--both in order to obtain funds and regularly thereafter--a powerful precedent is set for extending the assessment process to other programs and services. But a five-year time horizon for implementing such a program is not too short.

These guidelines are intended merely as a starting point for developing appropriate state policy. Individual states will vary considerably in what they want their colleges and universities to achieve, and in the policy tools that they have available to induce change. As a result, the structure and sequence of a legislative agenda for improvement will appropriately vary from place to place. But all legislators should recognize that colleges and universities by nature possess both the will and the means for self-improvement. The best state policies have been and will continue to be the ones that recognize and harness these forces.