



INSTITUTE FOR HIGHER EDUCATION
LEADERSHIP & POLICY

STATE POLICY LEADERSHIP IN HIGHER EDUCATION

Six Case Studies

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Introduction

The need for state policy leadership in California higher education

As lawmakers in California work to ensure access, affordability, quality, financial stability, student success, and alignment with workforce needs across the state's colleges and universities, they confront a tradition that has deemphasized state policy leadership for postsecondary education. These six case studies showcase a range of higher education policy reforms that have been enacted in other states, enabled largely by the leadership of state-sanctioned entities with missions to serve the public good through coordination or oversight of postsecondary education. The case studies highlight the importance of such authoritative bodies in postsecondary reform in other states, and provide a stark contrast to the absence of such an entity in California.

This report is the final piece of a project intended to increase college and career readiness and success in California. It follows two reports: an update of California higher education performance with the telling title of *Average Won't Do*; and *A New Vision for California Higher Education*, an effort to engage stakeholders around a vision more suited to today's students and economic conditions than the 1960 Master Plan. Together, this project underscores the urgency of stepping up the pace and the scale of efforts to educate more Californians beyond high school and offers ideas for how this might be accomplished.

Case study states

The states chosen for the six case studies reflect variation in size, politics, region, and demographics. However, they also share important characteristics with California. In each state, the public postsecondary sector serves a large proportion of the state's college enrollments, ranging from a low of 68 percent in Tennessee to a high of

Methods: Interviews were conducted in each state, including legislative and executive branch staff, and education officials. Reports and news coverage were reviewed. Names and details of those providing their views about the policy reforms and the policy leadership involved are withheld to provide anonymity to respondents.

88 percent in Texas (California is at 81 percent). In each state, public postsecondary education is viewed as a critical driver of economic development in the post-recession recovery. Particular concern in each state is given to improving college access and success of growing populations of underrepresented minorities. But there is one dimension on which all six states differ from California. In each state there is an official state entity – an office or commission of higher education with statutory responsibility to provide state-level policy leadership for the state's systems of higher education. Since 48 states (all but California and Michigan) have such an entity, it was not possible to study states that, like California, rely entirely on leadership from other sources.

What policy changes occurred?

Our purpose in showcasing policy reforms in six states is not to assess whether each reform was advisable or to what extent the reforms have been effective. Rather, we want to acknowledge the role that state policy leadership plays in developing, promoting, and implementing significant reforms aimed to improve higher education outcomes. We highlight one reform in each state:

- **Colorado** modified its approach to funding colleges and universities in an attempt to align institutional priorities with state higher education goals.
- **Indiana** overhauled the way financial aid is distributed to students in an attempt to encourage more timely degree completion, and required institutions to ensure that students could access the courses they need.
- **Maryland** established a program to help institutions identify, contact, re-enroll, and graduate “near completers.”
- **Oregon** reformed the governance structure for its public higher education systems, creating two new entities while granting more autonomy to some universities.
- **Tennessee** enacted the Complete College Tennessee Act to set out state-level goals and identify funding changes and other policy levers to achieve the goals.
- **Texas** adopted a 15-year plan to serve as the state's main guide for increasing educational attainment, setting out a vision, goals, and specific strategies.

Introduction

The scope of the reforms range from a targeted effort in Maryland to identify and bring back former students who were close to earning a degree, to a broad effort in Texas to adopt a 15-year plan to guide higher education in the state. Regardless of scope, each reform was part of an effort to increase the proportion of the state's population with the skills, knowledge, and credentials to succeed in the 21st Century.

What problems were being addressed?

These six states focused on the problem that most, if not all, state leaders are addressing: how best to use the resources they invest in postsecondary education to increase education levels of the population and strengthen the social and economic fabrics of their states. In several states, leaders drew heavily on data showing the need for improvement. In Tennessee, for example, at the time of the enactment of the Complete College Tennessee Act, 32 percent of the population had an associate degree or higher, compared to a national average of 39 percent. Researchers had projected that, by 2018, 54 percent of all jobs in the state would require some postsecondary education. In Maryland, estimates showing that 66 percent of jobs in 2020 would require a postsecondary credential helped drive that state's effort to quickly bring "near completers" to completion. In Oregon, where about 40 percent of residents held a college credential, the legislature enacted a "40-40-20 plan" to double those numbers overall by meeting those percentages for bachelor's degrees, associate degrees or certificates, and high school diplomas respectively, and determined that governance changes were necessary to provide the leadership and capacity to accomplish the goals of the plan.

In some cases, the reforms were an attempt to fix some identified shortcomings with previous reform efforts – shortcomings traced to the misalignment of current policies with state higher education goals. In Indiana, for example, the two major scholarship programs, which had earned national recognition, were found to yield lower than expected graduation rates. Lawmakers determined that the incentives contained in the scholarship programs were not encouraging students to graduate on time and revised the programs accordingly. In Colorado, when

funding reforms enacted in 2004 were judged ineffective in encouraging institutions to align their goals with state goals, new legislation was passed to incorporate stronger financial incentives.

Demographic changes were important factors in all states, but played a huge role in spurring the Texas "Closing the Gaps" plan, enacted in 2000 to reverse the decline in higher education enrollments that was accompanying the increase in minority populations. With an economy calling for more college educated Texans, these trends threatened the economic position of the state.

Who exercised policy leadership?

Three main themes emerged from these case studies. First, in every case, the statutory entity assigned to lead higher education planning and policy development played a critical role. From the Texas Higher Education Coordinating Board to the commissions for higher education in Colorado, Indiana, Maryland, and Tennessee, to the State Board of Higher Education in Oregon, a statutory body helped negotiate the changes and, in many cases, led implementation efforts. The expertise and capacity of these entities were critical to legislators and others involved in the reform efforts. As examples, commission staff in Indiana helped coordinate the outreach to the financial aid professional community that a legislative leader insisted upon, and commission staff in Colorado helped legislators draft the bill.

Second, governors played key leadership roles in every state and benefitted in that leadership role from the capacity of the statutory entity. In some cases, including Tennessee, Oregon, Indiana, and Maryland, the governor played a direct leadership role, speaking publicly for, or even initiating, the reform. Governors also led by facilitating participation with external partners, including nonprofit organizations, consultants, and foundations, that helped shape reforms. In Colorado and Texas, the governor's influence was more indirect through the appointment of commissioners or department directors.

Third, in each case the reform was pursued in the context of an overall state plan for higher education. In Texas and Tennessee the reform was the adoption of a comprehensive plan for higher education. Maryland

targeted “near completers” as one strategy in a larger set of policy efforts aimed to achieve increased college attainment. In the other three states, the reforms were efforts to remove obstacles to achievement of the state’s plan – dysfunctional governance in Oregon, misaligned incentives in Indiana’s financial aid programs, and ineffective financial incentives for institutional performance in Colorado.

What do we know about progress to date?

States have faced the kinds of implementation challenges that invariably follow major reforms. While most of the efforts we describe are too recent to have yielded outcomes at this point, some positive developments have been reported, some modifications have been made to ensure that the reforms stay on track, and each state has developed metrics to track progress.

What is the relevance to California?

California faces the same challenges that led these six states to try to improve postsecondary outcomes. The share of Californians holding an associate degree or higher is 39 percent – about the same as Oregon and lower than Maryland and Colorado. California is near the bottom of states in the number of bachelor’s degrees awarded per 1,000 residents and is seeing large growth in underrepresented minority populations who enroll in and complete college at lower rates than white and Asian students, signaling a growing challenge to increase education levels in the state. Workforce projections show a significant gap between educated workers and the needs of the economy. Hence these six states, be they large or small, more or less diverse, Democratic- or Republican-led, offer relevant lessons.

The principal lesson that we draw is that California is not well positioned to implement postsecondary reform without an entity that has statutory authority to provide policy leadership for the state’s \$13 billion postsecondary enterprise. Whether or not the six sets of reforms presented in the case studies prove successful, we are struck by the capacity of the higher education commissions and departments in those states to inform

themselves about national trends, collect and analyze data, work with legislative leaders, engage deeply with stakeholders to develop and implement strategic plans, and identify policy levers to help realize those plans. In California, the Governor and legislative leaders, as well as nonprofit organizations, educators, and business and civic organizations, are committed to helping students achieve their goals and helping communities thrive. Our case studies indicate that these policymakers and other individuals will be hard-pressed to succeed at the scale and pace needed, without the capacity provided by a well-functioning state-level commission or department of higher education and without a state plan to guide improvement.

What follows are six short case studies describing one policy reform implemented in each state. The case studies follow the same structure as this summary brief: the policy change, the problem being addressed, who exercised policy leadership, what we know about progress to date, and the relevance to California. The case studies are intended to illustrate the potential of leadership, generally, to implement major reforms, and not to suggest that any of these specific reforms would necessarily be right for California.

Colorado Strengthens Efforts to Align Institutional Priorities with State Higher Education Goals

What policy changes occurred?

In May 2011, Governor John Hickenlooper approved SB 11-052, which established goals for Colorado higher education and modified funding and data collection mechanisms to reward institutions for demonstrated success in helping accomplish state goals. The law called for a 30 percent increase in degree production, a 25 percent reduction in performance gaps across racial/ethnic and income groups, increased affordability, and greater contributions by Colorado higher education to the economic strength of the state. It directed the Colorado Commission for Higher Education (CCHE) to set goals for each institution, accounting for unique institutional roles and missions. On the basis of these more nuanced goals, the CCHE was to negotiate performance contracts with each institution's governing board that state the expectations of each institution to contribute to attainment of statewide goals.

The law also directed CCHE and the Department of Higher Education (DHE), which staffs the Commission, to establish metrics and collect data from institutions to determine the extent of progress toward the negotiated expectations. In order to ensure that the state's goals remain current, the law directed the CCHE to periodically convene stakeholders, to include, at minimum, representatives of business and professional communities, technological, industrial, and environmental interests, visual and performing arts communities, governing boards of higher education institutions, P-16 education, and the legislature. Each institution is required, under the law, to provide specified data to allow the DHE to measure progress over time. The DHE must submit to the legislature an annual report of institutions' progress. Funding provided to governing boards to reward institutions for meeting the terms of their negotiated memoranda would increase annually over a five-year period.

What problems were being addressed?

The policy change was an attempt to strengthen the performance contracts negotiated with institutions under the terms of SB 189, enacted in 2004 as a way to work around a voter-approved tax limitation initiative. The 2004 law shifted a portion of core funding from a state appropriation to, in effect, vouchers for students

to take to institutions, called the College Opportunity Fund (COF). In addition to the COF, SB 189 instituted performance contracts that laid out institutional goals, and fee-for-service contracts to fund specified services provided by institutions. According to a CCHE source, those performance contracts were not effective in guiding institutional priorities because the objectives were not aligned with overall state goals and there were no financial incentives or penalties tied to the contracts. The 2011 law strengthened the alignment between the state goals and the contracts and introduced financial incentives.

The 2004 and the 2011 legislation were aimed at the larger problem of improving the performance of Colorado higher education with respect to the state economy. The "Colorado paradox" had become a way of describing the failure of the state to educate its own young people for the 21st Century economy. Colorado is a leader among states in degree attainment, owing in large part to the influx of educated workers from outside the state. Colorado does far less well in ensuring that its own young people complete college. SB 11-052 stated legislative intent that the goals of higher education should be to provide all citizens of Colorado with the opportunity to enroll and succeed in postsecondary education and contribute to the state's economy.

Who exercised policy leadership?

Impetus for the 2011 policy reform came from several sources. The bill had two primary legislative sponsors, demonstrating bipartisan support. Democratic Senator Rollie Heath and Republican Representative Thomas Massey carried the bill, which attracted many co-sponsors. The two lead legislators had studied funding models in Colorado and other states and subsequently had the opportunity to participate in legislator training provided by the National Conference of State Legislatures (NCSL), a national organization devoted to improving the effectiveness of state legislatures. Through NCSL these legislators were able to work with individuals from other states to refine their thinking about how to modify higher education funding approaches to incentivize state goal attainment. Massey and Heath subsequently received assistance from the DHE to draft the bill. A CCHE source noted that state leaders were also becoming more

familiar with the broader national conversation about outcomes-based funding, including efforts by the National Governors' Association and the nonprofit organization Complete College America.

The CCHE and the DHE played leadership roles in developing and implementing the legislation, which left details to be worked out by those entities. Interestingly, Governor Hickenlooper had appointed his Lieutenant Governor, Joseph Garcia, to also serve as the Executive Director of the DHE. With Lt. Governor Garcia's prior service as president of a Colorado state university and of a Colorado community college, he was an effective source of support and advocacy for the legislation. Garcia was quoted in a November 6, 2013 interview in *US Represented*, as saying that "[T]he bill did a number of things. One, it said to colleges and universities, 'We want to evaluate you based on your performance.' It's not enough to just enroll students. We want you to graduate them."

What do we know about progress to date?

Since the passage of SB 11-052, the CCHE has worked with colleges and universities in the state to create a statewide master plan, completed in October, 2012, which specifies state-level goals, targets, and indicators to be used to measure progress. CCHE has also negotiated the performance contracts outlining the expectations for each institution in relationship to the state goals, which were all signed in the spring of 2013. Those contracts did not include financial consequences for the institutions, as the performance funding part of the law was set not to be implemented until higher education funding returned to a specified level, after significant cuts during the recession. The first reporting of institutional performance under the contracts is scheduled for December, 2014.

Legislation passed in May, 2014 revises the way funding will be provided to institutions through the annual fee-for-service contracts, so that the components of the funding are "fairly balanced between role and mission factors and performance metrics." The law tasks the CCHE with determining the performance metrics, but specifies that institutions must receive funding for each certificate or degree awarded (varying by the subject and level of the credential, and with a bonus for those awarded to low-income students) and for each student reaching

specified levels of credit accumulation. The new funding mechanism will take effect in fiscal year 2015-16.

What is the relevance to California?

The motivation for the policy reform – to improve the alignment of higher education outcomes with the needs of the economy – is consistent with goals that have been articulated by the California Legislature. SB 195, signed by Governor Brown in 2013, articulates broad goals for higher education and states that "policy and educational leaders should collectively hold themselves accountable for meeting the state's civic and workforce needs, for ensuring the efficient and responsible management of public resources, and for ensuring that California residents have the opportunity to successfully pursue and achieve their postsecondary educational goals." Observers of California higher education policy are not particularly hopeful that lawmakers can move beyond these broad goals to enact more specific reforms.

A few contrasts between Colorado and California illuminate some challenges faced by California lawmakers and advocates who hope to see more substantive reforms take hold. California lacks an entity like the CCHE and its staff, the DHE, whose efforts at convening stakeholders, developing metrics, and negotiating the specific terms of the contracts were so central to implementation that they were carefully specified in the legislation. The DHE helped the legislative sponsors draft the bill. In California, by contrast, legislators typically draft bills independent of the administration, decreasing the chances of gaining early buy-in and ultimate support from the Governor. Furthermore, having an entity with the capacity and reputation to be assigned the task of negotiating details, after a law's passage, enhances the chances to pass major legislation in the first place. In California, where there is no executive branch department to assist with implementation, the detailed negotiations of a proposed major reform must take place during the legislative process, which can complicate and impede its passage. Finally, California has not participated on a statewide scale as much as some other states in national projects like those of NCSL, National Governors' Association, and Complete College America, all of which informed the effort in Colorado to align goals with institutional missions, metrics, and resources.

Indiana Pairs Two Reforms to Increase Timely Graduation

What policy changes occurred?

In May 2013, Indiana Governor Mike Pence signed into law House Bill 1348, which contained two sets of provisions aimed to increase timely graduation in Indiana's public colleges and universities. One set is a significant overhaul in the way financial aid is distributed to students under the state's two major need-based scholarship programs: the Frank O'Bannon grant and the 21st Century Scholars program that together serve about 73,000 students. The second set of provisions requires institutions to provide "degree maps" for all students and ensure that the courses included in the degree maps are available, so students can make timely progress toward a degree.

The financial aid overhaul incorporated incentives for students to take larger course loads and to complete a threshold number of credits to stay on track for on-time graduation. For example, students in the 21st Century Scholars program who accumulate less than 30 credits per year would see their grant awards reduced significantly or eliminated. Eligibility for continued receipt of the Frank O'Bannon grant will similarly depend on meeting a threshold of completed credits and grade point average. Grant aid will continue to be available for the equivalent of four years of full-time credits but will now be available for summer terms as well as fall and spring, to help students reach annual credit loads to stay on track for timely completion. Part-time students have different thresholds of credit completion but also face incentives to make forward progress toward a degree while meeting grade point average requirements.

The incentives for students to make forward progress are complemented by incentives for institutions to ensure that students can gain access to the courses they need. The new law requires that a student's degree map contain a term-by-term sequence of course options that allow the student to complete a bachelor's degree within four years, or an associate degree within two; the expected date the student will earn a degree; and the academic requirements the student must complete each year. Institutions are expected to provide the courses necessary for a student to follow the degree map. If a course in a student's degree map is not offered or is full, the institution must provide the course *at no cost* the next term it is offered or provide an alternate degree map that does not include the unavailable course.

What problems were being addressed?

The policy change was an extension of broader efforts to increase college completion in Indiana. Lawmakers had previously enacted funding changes to provide incentives to institutions to improve completion rates. This bill was intended to address the problem that the state's considerable investment in need-based student aid did not appear to be providing hoped-for benefits. Six-year graduation rates for students enrolled in the state's two largest scholarship programs were problematic at 44 percent for O'Bannon scholarship recipients and 39 percent for 21st Century Scholars. Four-year completion rates were, of course, even lower. With the help of an external consultant report, lawmakers came to understand that the incentives contained in the scholarship programs were misaligned with the goal of timely college completion. Furthermore, student expectations were found to be misaligned with their course-taking behaviors. A survey of Indiana college students found that 75 percent believed they could graduate in four years while only 50 percent were enrolled in enough courses per semester to do so. The survey also found that the four-year limitation on awards could lead many students (73 percent of respondents) to increase their debt load to finance a fifth year while others (13 percent of respondents) could drop out without a degree. The overhaul was intended to protect the state's investment in students and send stronger signals about what it takes to graduate on time.

Who exercised policy leadership?

Significant governance changes enacted the previous year paved the way for the financial aid reforms. In 2012, under the previous governor (Mitch Daniels), the Commission for Higher Education (CHE) and the State Student Assistance Commission of Indiana (SSACI) were merged to form a newly constituted CHE. The merger greatly expanded the charge of CHE, tasking it with the distribution of state financial aid. One respondent noted that this merger provided CHE with an opportunity to review financial aid programs to see how well those programs align with Indiana's strategic plan for higher education. Another respondent stated that figuring out how to use state financial aid to help achieve state goals "was the entire point of bringing SSACI into [the CHE]."

Multiple respondents cited the CHE's staff and its Commissioner as driving forces behind HB 1348, while also crediting institutional and legislative leaders with helping to accomplish the reform. Shortly after the merger, the CHE reviewed the state's aid programs in the context of its strategic plan. Recognizing the cornerstones of that plan were completion, productivity, and quality, the CHE then contracted with a consulting firm to assess alignment of Indiana's financial aid programs with the plan. The consultants found a lack of alignment and made a series of recommendations, laying the groundwork for HB 1348. CHE staff and Representative Tom Dermody (R), who carried the legislation along with a bipartisan set of co-sponsors, worked together to draft the bill language. CHE staff wrote the legislation and testified at the House Education Committee hearing on the bill. According to interviewees, representative Dermody was insistent that the financial aid community "buy in" to the legislation before it moved forward. CHE staff engaged in extensive outreach and consultation with financial aid stakeholders through the Indiana Student Financial Aid Association as well as individually with institutional financial aid administrators in public and private institutions.

Two financial aid experts who were interviewed praised the frequency of CHE meetings and the effective engagement of the financial aid community in Indiana. The CHE also surveyed students who receive financial aid to get feedback on various components of the proposal. The Governor's office staff was particularly involved in the degree-mapping component, since that was its distinctive addition to the legislation, which had been introduced without such provisions before Governor Pence assumed office.

What do we know about progress to date?

Since passage of the legislation last year, there have been some challenges in implementation including administrative and practical obstacles around collecting the credit completion and grade point average data, and working through specific details regarding the appeals process for students. The CHE has worked to address these issues through meetings with university administrators and financial aid representatives throughout the state.

While data are not yet data available on the impact of the new policies, interviewees reported that initial signs are positive. One university official reported that virtually all 21st Century Scholars students at the campus were on pace to complete 30 credit hours for the 2013-14 academic year. Another campus has instructed academic advisors to encourage all students to take 15 credits per semester, rather than 12, and found that this change alone doubled the percentage of the student population enrolled in 15 credits.

What is the relevance to California?

Indiana's HB 1348 was largely the result of an assessment of the state's return on investment in financial aid. California has not done such an assessment but if it were to do so, it would likely also conclude that changes are needed. Like Indiana, California is among those states with relatively large investments in need-based student aid. According to the Legislative Analyst's Office, in 2013-14 there were about 285,000 Cal Grant recipients in the state, receiving a total of about \$1.5 billion. Yet graduation rates in the California State University and California Community Colleges, which together account for two-thirds of Cal Grant recipients, are targeted for significant improvements by the college systems. With the state providing such a substantial investment in financial aid, it would seem beneficial to undertake a deliberate review of the alignment of financial aid policies and incentives with the goals of increasing college completion.

Such a review was made possible in Indiana once the financial aid distribution function was merged into the Commission for Higher Education, bringing that function fully within the purview of those who provide policy leadership over Indiana higher education. The Commission then expended significant financial and human resources to accomplish the reform. California lacks several components that appear to have been critical to Indiana's success in implementing the reform. It lacks an entity like CHE to lead a major reform effort. It lacks a strategic plan against which policies can be gauged to see if they align well with state goals. And the responsibility for financial aid administration lies with an independent commission over which the governor has limited influence.

Maryland Encourages “Near Completers” to Finish Their Degrees

What policy changes occurred?

As part of a larger set of policy efforts focused on increasing college enrollment and completion, Maryland recently established the One Step Away State Grant Program (OSA). Administered by the Maryland Higher Education Commission (MHEC), the OSA provides competitive grants to public and private non-profit two- and four-year colleges to identify, contact, re-enroll and graduate “near-completer” students. Targeted students are those who have earned a significant share of the credits needed for an associate or bachelor’s degree, or even enough credits to be awarded a degree, but who are no longer enrolled in college. The state has allocated \$250,000 for the OSA grant program in each of the last two years, with institutions applying for awards of between \$25,000 and \$60,000 depending on the scope of the project and the anticipated number of targeted students. Institutions are required to provide in-kind or matching funds equal to at least one-third of the project’s cost, and they may be eligible for at least an additional \$10,000 to be used for financial aid for near-completer students.

What problems were being addressed?

The OSA grant program was created as one part of state efforts to increase college enrollment and completion. In 2011, Governor Martin O’Malley set a goal that 55 percent of Maryland adults will hold a postsecondary degree by 2025 in order to maintain the state’s competitive workforce and a thriving economy. At the time, 45 percent of Marylanders had an associate degree or higher, above the national average of 39 percent. However, the Governor cited a Georgetown University study indicating that, by 2020, 66 percent of jobs in the state would require some postsecondary credential, with 45 percent requiring a college degree, making college completion an important policy goal. The MHEC estimated that the state’s postsecondary institutions would need to increase degree production by 2.25 percent annually, for a total of 55,000 degrees awarded by 2025, 10,500 degrees above the current annual number. There was a perceived need to adjust policies and practices to adapt to the changing student population, with growing numbers of what would once have been referred to as non-traditional students now

representing a majority of enrollment in the state’s colleges and universities. And there was concern for making the most efficient use of taxpayer funds as the state continued to recover from the recession.

In support of the Governor’s attainment goal, the state enacted the College and Career Readiness and College Completion Act of 2013, creating a policy framework for improving college completion in Maryland. In addition to setting the attainment goal and creating the OSA grant program, the legislation addressed college readiness issues, required the development of a statewide community college transfer agreement, and instructed community colleges to develop clear degree pathways for students. The 2013-2017 State Plan for Postsecondary Education – *Maryland Ready* – outlines specific goals related to these and other issues, and commits the state to particular strategies.

Who exercised policy leadership?

Interviewees indicated that the Governor led the effort to set an overall attainment goal and create a statewide policy framework focused on increasing the number of Marylanders that complete a college credential. The Governor set aside funding in the budget aimed at supporting college completion, but assigned the task of designing specific initiatives to the MHEC, effectively partnering with the state’s coordinating board. MHEC had been aware of national completion initiatives like the Adult College Completion Network and Project Win-Win, efforts to encourage college completion among adults who have earned a significant number of college credits but were never awarded a degree. The Secretary and staff of MHEC were very interested in pursuing a state-designed effort with similar goals, relying on the agency’s history and culture of creating incentives for institutions through grant-based programs as the vehicle.

Also, in 2011, Morgan State University had begun to independently pilot its own completion initiative, targeting students who failed to re-enroll but left in good academic standing and with at least 90 credits, and encouraging them to re-enroll. Called the “Reclamation Initiative,” this pilot effort informed the final design of the One Step Away grant program. Efforts by the university’s

Director of the Office of Student Success and Retention led to targeted outreach to former students, and a set-aside of institutional funds for modest financial aid grants (\$2,000 or less per semester) to facilitate their re-enrollment. MHEC learned of Morgan State's efforts through its submission of a required annual report, and has awarded one of the OSA grants to the university to support the continuation of its efforts.

What do we know about progress to date?

In its initial pilot year of implementation, eight institutions received an average of \$56,000 through the One Step Away Grant Program. These institutions successfully contacted 1,684 former students who met the program requirements. Of those successful contacts, 17 percent (292 individuals) re-enrolled and, within a nine-month period, 10 percent of the 292 re-enrolled students earned a degree. Some students received a degree almost immediately because administrative barriers (e.g., missing paperwork or an unpaid fine) were behind their failure to graduate previously. In its Request for Proposals for the 2014-15 OSA grants, the state is encouraging institutions to target their efforts at near-completers who may be able to complete within the institutions' reported six-year graduation rate (i.e., initial enrollment in 2009-2010 academic year), although they can also use funds to target students from earlier cohorts.

What is the relevance to California?

The OSA grant program, and Maryland's other efforts to increase college completion, were motivated by the need to increase educational attainment while serving a greatly diversifying student population with limited state resources, circumstances that are mirrored in California. The share of Californians with an associate degree or higher is lower than in Maryland, matching the national average of 39 percent. Recent estimates by the Lumina Foundation indicate that 4.5 million, or 22 percent of working-age adults in California, have some college but no degree, and a researcher in California has estimated that over one million of those people likely fall in the category of near completers.

There are few incentives for California's colleges and universities to focus on the near-completer population, with all funding based on enrollment and no funding targeted at completion, and most campuses already meeting or exceeding enrollment capacity without seeking out near completers. Many of the adults who could be targeted to re-enroll in college have vastly more complicated circumstances than the typical college student; many are parents, have full-time jobs, live a substantial distance from the institution, and have needs for financial aid and student support services that would be challenging for California's colleges and universities to provide.

Unlike in Maryland, California has no higher education coordinating board to take on issues that cut across institutional boundaries, like identifying near-completer students who are no longer enrolled in any of the state's colleges or universities. Maryland's governor played a lead role in prioritizing efforts to increase college completion and ensuring that institutions have incentives to focus on that goal. California has not set college completion goals to provide a framework for any gubernatorial initiatives, and there is no advisor on postsecondary issues that might facilitate the kind of active role that resulted in the implementation of strategies like the OSA grant program in Maryland.

Oregon Reforms Governance and Coordination of Higher Education

What policy changes occurred?

Over the period of 2011-2013, Oregon implemented several major reforms to postsecondary education governance and coordination. Senate Bill 909 (in 2011) created the Oregon Education Investment Board (OEIB) and charged it with creating an education investment strategy to improve learning outcomes and create seamless transitions from preschool through postsecondary completion. The same year, Senate Bill 242, created the Higher Education Coordinating Commission (HECC) under the umbrella of the OEIB with the role of coordinating all sectors of higher education. The bill also removed the Oregon University System (OUS) from state agency status and gave the system more autonomy. Senate Bill 270 (in 2013) further increased university autonomy by removing the three largest universities from the OUS and establishing their own governing boards. A fourth bill, House Bill 3120 (in 2013) refined the functions of the HECC to streamline state-level oversight of postsecondary education. Statutory authority of HECC includes developing biennial budget recommendations for, and allocating funding to, community colleges and public universities, allocating state need-based student aid, and approving programs and university missions. The HECC is supported by an executive director who oversees a small staff and, effective July 1, 2014, oversees the directors of the Department of Community College and Workforce Development and the Office of Student Access and Completion. A critical piece of the overall reform is the transition of the state's universities from state agency status to a set of public universities with greater operational flexibility and more accountability for meeting state goals.

What problems were being addressed?

A reform of this scope necessarily addresses numerous problems and encompasses many goals. At the core was the recognition that Oregon was not achieving the education levels it would like to see for its citizens, with only about 40 percent of Oregonians holding a college credential. Reflecting this concern, the legislature also enacted, in 2011, what became known as the *40-40-20 Plan* to double those numbers. This plan established the

goal that, by 2025, 40 percent of Oregonians would have a bachelor's degree or higher, 40 percent would have an associate degree or credential, and the remaining 20 percent would have a high school diploma. The governance reforms were viewed as necessary to provide the leadership and capacity to accomplish the ambitious educational attainment plan. Before the reforms, governance for postsecondary education was provided by four state boards, two state agencies, and a public university system. The objectives behind the creation of OEIB were to improve the cost-effective investment of public dollars across the entire spectrum of public education and to correct misalignments across the K-16 system related to educational pathways, standards, and incentives. The HECC was created within the OEIB to bring together in one place the state-level conversations about fiscal and other postsecondary policies.

Who exercised policy leadership?

The consensus among interviewees, and in news coverage, is that Governor John Kitzhaber was a primary driver behind the OEIB reform in particular. After committing to a more unified system of education in his gubernatorial campaign, he made it a top priority for himself and his education advisors once he assumed office. He worked the concept in the Legislature, even testifying personally in support of the bill before the policy committees. Described by one respondent as a "big systems thinker," he approached higher education policy, according to this respondent, by asking "what are the practical barriers to government being effective?" and concluded that the disjointed governance across education was a big barrier. While describing the Governor as being very involved throughout the legislative process, respondents did cite others, including the chair of the Senate Education Committee, and the Oregon Business Council, as playing key roles. The presidents and board chairs of four general membership business associations, including the Oregon Business Council, sent a joint letter of support to the legislative committee chairs for the 2013 legislation. The letter stated that "it is only through a united approach that we can collectively position Oregon's post-secondary system to deliver high quality education and training."

The Governor's office was described as constantly meeting with key stakeholder groups, with the Governor himself attending these meetings when needed.

While the Governor drove the policy around OEIB, it was legislative leaders in both houses who engineered the initial creation of the HECC, bringing business associations, labor organizations, students, and university and college representatives into formal discussions. The State Board of Higher Education, which was the governing body for the Oregon University System, was significantly involved in the negotiations which resulted ultimately in the planned transition of the universities out of the Oregon University System and into the new arrangement whereby all seven will have their own governing boards, greater operational flexibility, and more accountability for meeting the state goals to be articulated under the OEIB and HECC.

The Governor reasserted policy leadership in 2013 when the duties of the HECC were redefined to more closely align with his vision. In 2012, the Governor unsuccessfully tried to create a Department of Post-Secondary Education that would have combined the HECC, the Department of Community Colleges and Workforce and the Oregon Student Access Commission under one unified agency. Instead, House Bill 3120 became the Governor's vehicle to reconstitute the statutory role of HECC to ensure that it maintained effective coordination for the public universities, the community colleges, and financial aid, especially in light of the dissolution of the OUS and the greater operational autonomy granted to the universities.

What do we know about progress to date?

Since its formation, the OEIB has engaged stakeholders in conversations around what policies, partnerships, strategies and investments are necessary to achieve Oregon's 40-40-20 goal. In recognition of the state's long history of local control, the OEIB has developed a process for annual Achievement Compacts with each of the state's K-12 school districts, community colleges and public universities. The compacts spell out institutional goals for student success around key outcomes which, for colleges and universities, include connections with other education sectors, student persistence and credit accumulation, and certificates and degrees awarded. Through the compacts,

state education and policy leaders acknowledge their responsibility to provide supportive policies and investments to help institutions achieve their goals. A recent study by OEIB of the compact process found some need for clarification of the purpose of the compacts and the role of the OEIB. While institutions are still adjusting to the new governance structure, educators reported real value of the compacts for generating informed campus discussions about strategy and budget related to student outcomes.

What is the relevance to California?

The governance changes in Oregon were motivated by the need to increase the education levels of the population, a need that has been widely recognized and articulated in California as well. The percent of Californians holding a postsecondary credential is the same as in Oregon. The Oregon reforms are aimed at creating a more integrated system for planning and investment for higher education, as a means to use resources more cost-effectively and create seamless pathways for students – again, goals that have been articulated for California. The Governor and legislative leaders were able to make these momentous governance changes despite facing a legislature that was roughly split in both houses between the two political parties. Although higher education is not the most partisan of issues, one would expect that leaders in California would not have as many partisan hurdles to overcome. But California does not typically see the kind of activist policy leadership from a governor on postsecondary education that was evident in Oregon. The absence of a dedicated higher education advisor or staff for the California governor would make this kind of role unlikely. In addition, the business community, which was a significant force in support of the Oregon reforms, has not mobilized to date in California at the state level around issues of postsecondary coordination, finance, and governance. Where business leaders are engaged in improving postsecondary success, it occurs at the regional level in partnership with college, university, and civic leaders.

Tennessee Doubles Down on College Completion

What policy changes occurred?

In January 2010, the Tennessee Legislature passed, and the Governor signed, the Complete College Tennessee Act (CCTA), described on the website of the Tennessee Higher Education Commission (THEC) as “a comprehensive reform agenda that seeks to transform public higher education through changes in academic, fiscal and administrative policies at the state and institutional level.” The Act was the product of a special legislative session in January, 2010 and was signed by then-Governor Phil Bredesen that same month. An official described the Act 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.

The centerpiece of CCTA is a new “Public Agenda” for higher education which specifies state goals for attaining more graduates with the skills and knowledge to contribute to Tennessee’s economic development and identifies the policy levers for achieving those goals. Prior statute required THEC to develop and maintain a master plan for higher education, covering universities, community colleges, and technology centers. The THEC cast the 2010-15 plan as a “Public Agenda” to focus on educational attainment, set out state-level goals for increased degree production, and address the implementation of other provisions of the CCTA. The overarching goal of the Public Agenda is to have Tennessee meet the projected national average in educational attainment by 2025. The primary state policy levers for addressing the state’s educational needs are a new funding model based on outcomes in lieu of enrollment, with a focus on quality assurance, and institutional mission profiles that distinguish each institution by degree level, program offerings and student characteristics to promote efficiency, guard against duplication, and serve workforce development needs of the state. The CCTA also called for clear transfer pathways from two-year to four-year institutions, dual admission policies, the elimination of remedial coursework from four-year institutions, and the reorientation of the community colleges as a more unified system.

What problems were being addressed?

CCTA was principally aimed at increasing the number of Tennesseans with the postsecondary education and training to meet state workforce needs. At the time, 32 percent of Tennesseans had an associate degree or higher, compared to the national figure of 39 percent. A 2010 study by Georgetown University researchers indicated that by 2018 the majority (54 percent) of all jobs in the state would require some postsecondary education. According to interviewees, lawmakers hoped to address two additional problems with the passage of the Act. First, there was a lack of clarity about what Tennesseans expected from higher education. The CCTA was a strong legislative statement about the link between higher education and the economic future of the state in terms of the ability to develop the workforce and attract industry. The funding reforms in the Act were intended to focus institutional behaviors firmly on the goals of educational attainment and workforce development. Second, years of financial recession had led to diminished fiscal capacity in the state to support higher education. Many of the Act’s provisions were aimed at finding the most cost-effective means to meet the identified goals, key among them the switch to allocate funding based on outcomes. One respondent noted that there was some expectation that, if outcomes improved, more state funding would follow.

Who exercised policy leadership?

The consensus among interviewees and in news coverage is that then-Governor Bredesen played the key role in the passage of the CCTA. The Governor and his staff brought legislators from both parties, higher education leaders, representatives of the business community, and outside experts together for a series of discussions regarding higher education in the state. Owing to the Governor’s active support, the CCTA was viewed as a gubernatorial mandate that, according to one respondent, changed policy conversations from *if* it should be done to *how* it would be done.

Executive-level involvement in higher education policy was described as having been episodic in the past, but a number of factors were suggested as contributing to the Governor’s role in this case. The Governor, a Democrat in a state with a Republican-controlled legislature, was nearing the end of his last term, having been re-elected in 2006 to a second four-year term. He had recently accomplished significant K-12 reforms

and some suggested he wanted to extend his legacy to higher education before leaving office. One official suggested the Governor was in a position to take some bolder steps than had been possible earlier in his tenure.

The Governor was able to leverage the attention and funding of two major foundations – the Lumina Foundation and the Bill and Melinda Gates Foundation – to support the reform agenda. Tennessee received a Lumina Foundation grant in 2008 that funded an audit of state policies and stakeholder meetings that included business and higher education leaders. The audit identified several areas where the state could improve, including its funding policies. Following that, in 2009, the Governor engaged the Gates Foundation, which had been assisting the state with its “Race to the Top” application for federal funds, in conversations about higher education. Gates Foundation funds were subsequently provided to support external consultants who helped the administration and legislative leaders craft the CCTA.

Respondents credit several others with playing important leadership roles in the passage of the Act, including Republican Senator Jamie Woodson, cited as a strong champion of the measure, and Deputy Governor John Morgan. The THEC was instrumental in a number of ways. The Commission, with considerable past experience in higher education reform, was the lead entity for the Lumina grant and conducted broad engagement of stakeholders as development of the CCTA proceeded.

What do we know about progress to date?

Since passage of the CCTA, Tennessee has initiated a number of efforts to increase postsecondary access and success, including expanding a statewide math remediation program for high school seniors, increasing dual enrollment opportunities, developing an online college success course for high school students and an online advising tool for college students, and designing targeted programs and services for veterans. Current Governor Bill Haslam, who began his term in 2011, has continued the extensive executive involvement in these efforts. In 2012, he convened postsecondary and business leaders from across the state to discuss issues related to affordability, quality, and how to better align resources to address workforce skills gaps as part of what he is calling the “Drive to 55” – the effort to achieve 55

percent postsecondary attainment by 2025. Most recently, he signed legislation that will implement the Tennessee Promise, an initiative that will use state lottery funds to offer two years of community college free of tuition or fees to all high school graduates who meet eligibility requirements (including mandatory meetings with a mentor, attendance at college orientation, required community service hours, full-time and continuous enrollment, and satisfactory academic progress). Governor Haslam created a new position in his office to manage the launch of this new initiative and to oversee all “Drive to 55” activities, including the development of appropriate metrics to assess the ongoing progress of the various efforts.

What is the relevance to California?

The motivation for the Complete College Tennessee Act – to increase education levels and close skills gaps in a period of diminished state support for higher education – is congruent with California’s circumstances, yet there has been no progress in California on developing a public agenda to update the Master Plan. California Governor Brown is widely expected to be re-elected to a final term, which would put him in a similar position to Tennessee Governor Bredesen, who used his second term to extend K-12 reforms into the higher education realm. Were Governor Brown to be re-elected and to seek a similar legacy of higher education reform, he would face challenges that were not present in Tennessee. First, there is no entity in California like THEC with policy expertise and a mission “to achieve coordination and foster unity with regard to higher education.” A Governor can set an agenda and create a mandate for change, but needs support with the analysis, design, and implementation of a major reform. Second, there is no state plan for higher education in California that could guide the Governor’s agenda in a second term. Third, California has not shown an inclination to participate on a statewide scale in national initiatives like the foundation-supported efforts that helped Tennessee shape its reforms. These challenges are related because, without a state-level policy infrastructure for higher education, it has been unclear who in the state can take the lead on developing a public agenda and joining the kinds of national initiatives that served Tennessee well. Moreover, there has been no obvious point of access for outside entities who wish to include California in the college completion agenda.

Texas Adopts Plan to Guide Higher Education Improvement

What policy changes occurred?

In October 2000, the Texas Higher Education Coordinating Board (THECB) adopted a plan called “Closing the Gaps by 2015.” The plan has served as Texas’ main strategy over the past decade for increasing educational attainment. It sets out a vision for higher education and contains goals for participation, success, excellence, and research in postsecondary education. In view of the rapidly increasing Latino population, participation and success goals were set by race/ethnicity. The plan contains targets and strategies for reaching each goal. The vision stresses inclusiveness, quality, and flexibility in higher education and an ongoing partnership among educators, the business community, and the public in “recruiting and preparing students and faculty who will meet the state’s workforce and research needs.”

The participation goal called for an additional 630,000 students to enroll in the state’s colleges and universities (adjusted from 500,000 in 2005 to reflect new population projections). The recommended strategies to achieve this goal included making college-preparatory courses the standard high school curriculum, recruiting and retaining more well-qualified k-12 teachers, and ensuring that students and parents understand how to prepare academically and financially for college. The success goal was to increase the number of degrees, certificates, and other identifiable student successes from high-quality programs by 50 percent. Strategies included focusing institutional efforts on critical fields, funding institutions so as to reward completion while sustaining quality programs, and strengthening partnerships between institutions and the business community.

A higher education accountability system and an interactive data system designed to serve five different audiences were developed to help institutions, policymakers, and other stakeholders understand progress toward meeting the goals.

What problems were being addressed?

The problems the state was facing in 1999, as the plan was taking shape, were well stated in the plan’s introduction: “Texas is profiting from a diverse, vibrant and growing economy. Yet this prosperity could turn to crisis if steps are not taken quickly to ensure an educated population

and workforce for the future. At present, the proportion of Texans enrolled in higher education is declining. Too few higher education programs are noted for excellence and too few higher education research efforts have reached their full potential.” In remarks to the Special Commission on 21st Century Colleges and Universities that then-Lieutenant Governor Rick Perry appointed to examine Texas higher education and make recommendations to improve its outcomes, Perry further elaborated on the problems facing the state: “[T]oday in Texas only about 20 percent – or one in five – of our citizens earn undergraduate or graduate degrees. Unless we encourage more of our citizens to pursue a college education – whether it’s at a four-year institution or at a community or technical college – Texas will suffer from a growing education gap. That education gap could mean a Texas with fewer jobs, less innovation and a host of social challenges in an increasingly competitive world.” The plan included detailed evidence of the gaps in higher education participation, success, quality, and research, with an emphasis on the demographic changes that were accelerating the need for improvements.

Who exercised policy leadership?

The THECB led the effort to develop the plan. In March 1999, the nine coordinating board members, all appointed by the Governor for six-year terms, agreed that a plan was needed to focus on a concise set of goals. According to the THECB website, “the Board emphasized that the new plan should concentrate on the most critical goals, set a date by which to reach the goals, and create a means by which to measure progress toward the goals.” The THECB organized a planning committee and several task forces to prepare a plan, and sought and reviewed input from a broad set of stakeholders, including lawmakers, public and private higher education leaders, and representatives of business, faculty, parents, students, workforce, and K-12. Interviews and news reports confirm that business and community leaders and former higher education board members collaborated with the THECB to draft the plan.

Also contributing to the effort was then-Lieutenant Governor Rick Perry, who appointed 15 business, education, and community leaders to the aforementioned Special Commission. Perry instructed the Commission to study a number of issues related to the role of higher education in

contributing to the human capital needs of the state. Among them were issues of access and affordability in the context of changing demographics, the role and mission of institutions in meeting state priorities, including future workforce needs, strategies to pursue and attain academic excellence, the effective use of technology in delivering education and training, and formation of partnerships with business to address workforce demands. The THECB approved the plan shortly before the Commission's report was due. Nevertheless, the Special Commission reportedly helped increase awareness and support for the "Closing the Gaps" plan. Following adoption of the plan in October 2000, the THECB received a legislative appropriation to expand access to data and to develop a P-16 data warehouse to integrate a variety of distinct databases. The following year the THECB asked staff to develop an accountability system to help monitor institutional targets.

What do we know about progress to date?

While the "Closing the Gaps" plan did not include specific policy prescriptions, the plan has provided a common language and a reference point for institutional and statewide policy change. In addition to the increased data collection and accountability reporting, state policy efforts have included making college preparatory coursework the default high school curriculum, establishing regional P-16 councils across the state to improve college readiness and success, and increasing investment in financial aid, although Texas continues to invest less in grant aid than other large states, making its students highly dependent on loans to finance college.

According to a 2013 progress report by THECB, the state is on track to achieve its overall participation goal of having an additional 630,000 students enrolled. Total fall 2012 enrollment was nearly 590,000 above the level in 2000, leaving only about 40,000 additional students needed to enroll by fall 2015 to meet the goal. The enrollment goal for African American students has already been exceeded, primarily related to large gains among black females, but the state will likely fall considerably short of its goal for Latino enrollment. The state's success goal required the annual award of 210,000 bachelor's and associate degrees and certificates by 2015, a target that was already exceeded in 2012 with the award of over 230,000 undergraduate credentials. While that overall goal has been achieved, the

state is far short of its goal for awarding STEM degrees, and significant disparities in graduation rates across racial/ethnic groups remain.

What is the relevance to California?

The demographic changes that caused Texas to develop its "Closing the Gaps" plan are playing out equally powerfully in California. Both states have large populations of Latinos whose education is vital to future social and economic health yet whose college attainment levels are below majority populations. Like California, Texas has a large and complex public postsecondary sector serving the vast majority of postsecondary enrollments and a relatively small private/independent sector. At the time the plan was developed, the public postsecondary sector comprised 50 community college districts with 74 campuses, four technical colleges with two extension centers, two state colleges and a technical institute, 35 universities, and eight health-related institutions. Devising a plan to guide such a system is no easy task, yet one was developed and adopted in less than one year.

The principal barrier to California engaging in a similar effort is the lack of a state policy entity like the THECB to take on the work of gathering data, drafting a plan, engaging stakeholders to provide input, responding to input, and preparing a final plan – all the while negotiating the politics so that a final plan can gain acceptance. The THECB is a statutory office, created by the Texas Legislature in 1965 to "provide leadership and coordination for the Texas higher education system to achieve excellence for the college education of Texas students." The Governor appoints all members as well as the chair and vice-chair. No board member can be employed by an educational institution or serve on a university governing board. When California had a similar entity – the California Postsecondary Education Commission – the authority to appoint its 16 members was shared among the Governor, the Senate, and the Assembly and it included members from the educational systems. Such dispersed authority and system representation would pose challenges to the rapid development of a comprehensive plan to meet overall state needs in a large, complex state. Despite considerable effort, California has not developed either the student-level data system or the higher education accountability system that are necessary complements to the "Closing the Gaps" plan. Both of these are maintained by the THECB – the policy leadership entity that California does not have.



Meeting the Needs of Californians Through Higher Education – A Three-Part IHELP Project

Part 1: Average Won't Do: Performance Trends in California Higher Education as a Foundation for Action | January, 2014

This report updates California's performance in key areas used in many states to monitor how well their higher education investments are meeting the needs of residents and the economy. It presents trends in each performance area over the past decade and offers a breakdown of performance by region and race/ethnicity. The data show that overall, California higher education is only about average, with the aggregate ratings masking serious differences across regions of the state and across racial/ethnic populations.

Category	Current Performance	10-year Trend
Preparation	Worse than most states	↑
Affordability	Average	↓
Participation	Better than most states	↔
Completion	Average	↔
Benefits	Better than most states	↔
Finance	Average	↔

Part 2: A New Vision for California Higher Education: A Model Public Agenda | March 2014

This report shows that even ambitious goals for increasing the number of degrees and certificates awarded annually by California's public colleges and universities would leave the state well short of the education levels that experts project the California economy to require by 2025. The report concludes that the challenge to educate more Californians is sufficiently daunting to benefit from a new approach that can overcome the structural barriers inherent in the 1960 Master Plan for Higher Education. Drawing from various reports and other sources, the authors suggest a regional approach to goal-setting and planning for increased access and success, guided by effective state-level policy leadership provided by an office of higher education. The report is intended to inspire broad discussion, leading to an official plan for California higher education.

Part 3: State Policy Leadership in Higher Education – Six Case Studies | July 2014

Rounding out the series, this report highlights the importance of state policy leadership for implementing significant reforms to increase education levels. While various parties exercised leadership in the six states studied, the reforms were enabled largely by the leadership of state-sanctioned entities with missions to serve the public good through coordination and oversight of higher education. Such entities helped governors and legislators to implement their reform priorities by providing the capacity and expertise to involve stakeholders, design policies, and monitor implementation. The report is intended to accelerate efforts underway in California to provide for state policy leadership.



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