ITEM 9 ■ DRAFT

California Postsecondary Education Commission

Prospectus: Developing a Framework for Accountability in California's Higher Education System

Producing a credible accountability system for higher education must begin with identification of statewide goals, collaboration of all stakeholders, and a universal commitment to educational opportunity while aligning postsecondary education with workforce needs.

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The Postsecondary Education Commission is a citizen board established to coordinate the efforts of California's colleges and universities and to provide independent analysis and recommendations to the Governor and Legislature. More information on the Commission, including links to Commission publications, is available at www.cpec.ca.gov.

Draft Commission Report

Overview

The demand to hold public institutions accountable for their accomplishments did not begin in the field of higher education. However, in the last 10-15 years, the movement for increased accountability in higher education has gained momentum. California, a trailblazing and trend setting state in many areas, has not made performance measuring a priority and, consequently, lags behind most of the nation in developing and implementing an effective statewide accountability framework. The staff of the California Postsecondary Education Commission (CPEC) seeks to take an active approach in addressing this problem by collaborating with higher education researchers, university administrators, legislators, statisticians, and accountability experts from other states to develop a framework to measure California's progress in educating its citizenry. The following is a research prospectus that outlines the issues and questions around which the process for developing this framework must be centered.

History of Accountability in California

Assembly Bill 1808

AB 1808 (Chapter 741, Statutes of 1991), signed into law in 1991, called for the implementation of a higher education accountability program. It established a list of performance measures that the University of California (UC), California State University (CSU), and California Community Colleges (CCC) were required to report to CPEC, which, in turn would analyze the data and produce an easily understandable report for the Legislature and the Governor.

The early 1990's brought about a national trend in measuring higher education performance and it was during these years that several states took statutory steps to create accountability frameworks. However, many years of trial and error have failed to produce a universally accepted method. Through examining the best practices learned in various states, we can now identify crucial flaws in the provisions of AB 1808. The primary flaw of this accountability effort is that it does not identify state policy goals. Further, no resources have been allocated to CPEC or the systems to collect data to complete a performance measure report. Consequently, during this period of budgetary constraint, as CPEC has suffered reductions in staff and resources, there has not been sufficient fiscal support to carry out this activity for several years.

"Compacts" / "Partnerships" between UC, CSU and the Governor

Last May, Governor Schwarzenegger negotiated a compact agreement with UC and CSU that addresses state budgetary matters as well as student fees and student access. This compact has an accountability component that addresses goals, including "Efficiency in Graduating Students", "Utilization of Systemwide Resources", and "Student Level Information". Under the compact, the systems are to report on 22 different performance measures. These data would not filter through an independent agency; rather, they would be collected, analyzed, and reported directly by UC and CSU to the Governor, the Secretary of Education, the Legislature, the Legislative Analysts Office, CPEC, and the Department of Finance.

The Schwarzenegger compact did not differ greatly from other agreements made between UC and CSU and former governors, specifically Governors Wilson and Davis. Previous compacts have also listed numerous performance measures to report, but none were linked specifically to state policy goals.

The fundamental problem with the compacts is that they are only representative of the Administration's policy goals, excluding the legislature from participating and developing the measures they need in order to make informed policy decisions. The Legislative Analyst's Office has been critical of these compacts because they undermine the efforts of the legislature to establish goals and, additionally, because the compacts fail to link consequences with performance expectations.

California State University's Cornerstones Report

In 1998, the CSU Board of Trustees adopted the Cornerstones Report, a systemwide accountability framework. The project outlined four policy goals that all CSU campuses would work to achieve:

- Educational Results
- Access to Higher Education
- Financial Stability
- University Accountability

In addition, "the accountability process allow(ed) the individual campuses to describe, through campus selected performance areas and indicators, how it contributes to the development of its particular students."

While the Cornerstones Report makes CSU campuses accountable to the Chancellor's Office and the Board of Trustees, it does not make the system accountable to state policy makers. The Cornerstones Report can contribute greatly to any statewide framework because of data collection already in place; however, it is not a suitable substitute for a framework focused on statewide policy goals.

Joint Committee to Develop a Master Plan for Education

In August of 2002, the Joint Committee to Develop a Master Plan adopted a set of goals for K-16 education, which included standards for greater accountability. The Committee made several recommenda-

tions for future steps to bring increased accountability to public education. They called for an expansion of the Governor's "partnership" to include all postsecondary education, for a link between performance and funding, and for the state to establish performance indicators to be reported annually.

Senate Bill 1331

After adopting the Master Plan for Education, the Joint Committee consulted with Nancy Shulock from the Institute for Higher Education Leadership and Policy and Jane Wellman from the Institute for Higher Education Policy in Washington D.C. to help craft Senate Bill 1331 (Alpert). SB 1331 outlines several "key indicators that measure progress toward four statewide public policy goals." The four statewide goals are:

- Educational Opportunity
- Participation
- Student Success
- Public Benefit

This bill, still pending, designates CPEC as the agency to implement this framework. Whether SB 1331 becomes statute or not, CPEC will use it as a foundation for creating a more detailed and intricate framework. SB 1331 is a solid starting point, but there are many questions that must be answered and much work left to do before California can implement a functioning accountability system.

California Performance Review Report

Last month, the Schwarzenegger administration released the California Performance Review Report, which contained a section addressing the issue of accountability in higher education. The report reiterated the need for performance measurement and offered the following recommendations for moving forward with the accountability effort:

- The Governor should issue an Executive Order clearly defining statewide goals and expectations for California's public higher education system;
- The Secretary of Education and CPEC should work with stakeholders to develop the accountability framework according to goals stated in the Executive Order;
- The Secretary of Education should publish a report of the performance measurement results each year by November 15 to be provided to the Legislature; and
- The Governor should support the concepts outlined in Senate Bill 1331 to establish the statewide accountability structure.

Impetus for Developing an Accountability Framework

Higher education accountability is a decades-old movement that has finally found the right political environment in California for its development. Legislators on both sides of the aisle see the value in measuring the performance of the State higher education systems. Whether policymaking priorities focus on creating opportunities for the greatest number of students or concentrate on ensuring that employers are supplied with the most capable workforce possible, most legislators agree that tremendous value lies in knowing how our universities are performing.

California faces the ongoing challenge of maintaining the standards for access and opportunity laid out in the 1960 Master Plan for Higher Education. The demographics of the state have changed significantly since the Master Plan was originally drafted. California now has a much larger college age popu-

lation, which, according to the Department of Finance, is projected to increase by 3,524,720 between now and 2015 (Department of Finance Population Projections by Age-group, 2003 Projection Series). An impetus for developing an accountability framework is to target inefficiencies in enrollment patterns and correct them to accommodate the growth in student population. The state seeks to shorten the time to degree and improve participation and completion rates for Latino, African American, and working students.

Higher education, as a public good, must periodically be examined to find areas that could benefit from greater efficiency. The public postsecondary education community functions under the ever-present threat of shrinking state resources and, to that end, needs to habitually conserve resources without compromising the quality of the services provided to students. Further, as workforce demands change, colleges and universities must be evaluated to ensure that degree programs are aligned with the needs of the California labor market.

Challenges for Developing an Accountability Framework

California's public higher education system has long been a model of success for other states to look to and emulate. The promise of the 1960 Master Plan for Higher Education, which guaranteed access to all students who desired a postsecondary education, was unprecedented. Our universities have always been, and continue to be, on the cutting edge of research discoveries. They provide valuable contributions and strive to improve the quality of life nationally and globally. It has been the philosophy, with regard to the governance of higher education in California, that our universities should not be bound by system-wide uniformities, but instead be given the freedom to determine their own missions and allow self-governance to carry out these missions. The result is a diverse community of higher education.

The individuality and diversity of missions that make our universities thrive provide the greatest challenge in implementing an accountability framework. Due to the varying educational approaches and philosophies from system to system and campus to campus, difficulty lies in determining universal measurements of success. Past attempts to implement standard performance measures have encountered unease and trepidation from UC and CSU administration and faculty, which could pose a challenge to the accountability effort.

There are also some issues to consider regarding the challenges lawmakers will face in their efforts to measure system performance. One issue is that UC maintains constitutional governing autonomy and significant fiscal autonomy with only approximately 16-20% of that system's revenues coming from the State General Fund. With continually shrinking budgetary leverage over UC, the state may experience less compliance with an accountability framework. The California Community Colleges, due to the size of the system (109 of campuses and 1.6 million fall-term students) and separate governing boards for each district, could face challenges in coordinating adherence to statewide standards.

Another roadblock on the path to accountability is CPEC's inability to obtain data from UC and CSU that would be essential to reporting statewide progress. Though statutorily approved through Assembly Bill 1570 (Chapter 916, Statutes of 1999), the reporting of unique student identifiers has yet to be implemented and is needed in order to conduct longitudinal analysis of student progress. One last item that could potentially be a costly obstacle is developing a uniform definition of data elements. The aforementioned challenges must all be considered when constructing a framework.

Variations in Governance Structures

The governance structure of higher education is slightly different in every state. For the purpose of this paper, "governance structure" will refer to the governing, coordinating, planning, regulation and budget-

ary flow of a postsecondary education system. There are at least 19 different models for how higher education is structured throughout the nation, falling into four broader categories. The National Center for Public Policy and Higher Education report *Higher Education Governance* (November 1998) identifies three primary governance structures: segmented systems, unified systems, and federal (coordinating) systems. A fourth category, cabinet systems, has been added to include the few states in which higher education is governed by the executive branch.

The following chart displays the states that fall into the four structural categories:

Segmented	Unified	Coordinating	Cabinet
Arizona	Alaska	Alabama	Arkansas
Delaware	Florida	California	Missouri
Iowa	Georgia	Colorado	Oregon
Maine	Hawaii	Connecticut	
Michigan	Idaho	Illinois	
Minnesota	Kansas	Indiana	
Mississippi	Massachusetts	Kentucky	
New Hampshire	Montana	Louisiana	
North Carolina	Nevada	Maryland	
Pennsylvania	North Dakota	Nebraska	
South Dakota	Rhode Island	New Jersey	
Vermont	Utah	New Mexico	
Wyoming	Wisconsin	New York	
		Ohio	
		Oklahoma	
		South Carolina	
		Tennessee	
		Texas	
		Virginia	
		Washington	
		West Virginia	

Source: This information was compiled from two reports by the **Education Commission of the States,** entitled *How Does the State Coordinate or Govern Higher Education?* and *Models of Postsecondary Education Coordination and Governance*.

Segmented systems have multiple university governing boards that act independently and are not united by a central coordinating agency. *Unified systems* have a single governing board for all postsecondary education. This type of governance structure has institutional interdependence and common rules and measurements for all colleges and universities. *Federal or coordinating systems* may have multiple governing boards but have a central coordinating agency for postsecondary education. The coordinating agency has a wide range of duties that may include information collection, program review, accountability implementation, budget review, and in some cases, budget allocation. Only three states, Arkansas, Missouri, and Oregon, fall into the cabinet system category. The executive branch governs higher education in those states.

When developing a framework for accountability in California, and looking to other states as models, consideration should be taken as to whether or not the governing structure of higher education in any given state facilitated the implementation of a specific framework for accountability, and if that framework proved successful for that governing model. California higher education possesses qualities that

make it unique, and policy makers should attempt to match these qualities with an appropriate model for performance measurement.

Types of Accountability Found in Other States

Accountability is commonly broken down into three categories: performance reporting, performance funding, and performance budgeting. Incentive funding is another option that has recently entered into accountability discussions, though it is only utilized by a few states.

Performance Reporting

There are three different types of performance reporting: statewide reporting, system reporting, and institutional reporting. Statewide reporting presents non-stratified data of all students within the higher education system, while system reporting breaks down the data according to segment. Only in very few cases do states report on the total college population without stratifying according to 2-year and 4-year colleges. Arizona and South Dakota are examples of states that report on the state college population as a whole without breaking down populations according to the system or institution.

In some cases, reporting is broken down by the function of a university system (research universities, teaching universities, community colleges) and each system may have unique measurements to report on in addition to their common performance measures. System reporting states include Oklahoma and New Mexico.

Most states break down their reporting of accountability measures by institution. These states may have state-identified goals, but in several instances, institutional reporting has preceded the definition of outcome-oriented state goals. Institutional reporting states include Colorado, Connecticut, Massachusetts, and North Carolina. Many of these categories overlap one another and no state falls perfectly into one specific category. In developing a framework for California, policy makers should consider the obstacles the State faces, and piece together from any or all of the aforementioned types of reporting.

Performance Funding and Budgeting

Performance funding and budgeting take institutional performance into consideration when allocating funds to colleges and universities. Performance funding ties public funds directly to performance indicators and the relationship between performance and funding is closely and tightly linked. While performance *funding* occurs on the distribution end of the budgeting process, performance *budgeting* focuses on the front end, the preparation phase of budgeting. Performance budgeting is less prescriptive than performance funding because it is left to the policy makers' (or sometimes the coordinating board's) discretion to evaluate an institution's performance and consider its success in reaching goals as one factor in determining budget allocation. Most states with coordinating boards have budgetary advising responsibilities, including institutional budget review, but do not appropriate funds to the institutions. States that have higher education boards that *do* allocate funds to institutions include Massachusetts, Oklahoma, and South Carolina.

Incentive Funding

Incentive funding is another budgetary option to consider for an accountability framework. The incentive model focuses only on reward for reaching goals, rather than punishment for falling short of success. Incentive funding is not a common method, likely because implementation requires appropriating funds in excess of regular budget allocations. The Tennessee model offers institutions that satisfy several performance specifications the chance to earn an additional budget supplement of 5.45% for use toward instructional purposes.

Stakeholders

Creating accountability for higher education systems must be a collaborative effort involving all stakeholding parties. While the entire higher education community wants to ensure that California maintains a strong, innovative, and efficient higher education system, there is great resistance to developing a way to measure progress in achieving those goals. Accountability is a threatening word to administrators and educators. It is often interpreted as an attempt to hamper institutional freedom, control budgets, and leverage authority for change. Collaboration is essential in alleviating these fears. As CPEC moves forward with the development of an accountability framework, it intends to bring all stakeholders to the table to ease concerns, establish roles and responsibilities, merge scholarly expertise, and cultivate strong partnerships for future endeavors.

Legislative Statutes

What does California need to do, statutorily, to develop a framework for accountability? Several states that have implemented accountability frameworks have written goals and, in some cases, established them in law. Statutorily creating a framework, however, poses many questions for examination. How prescriptive should the law be? What degree of authority is granted to the framework implementers? Should performance measures be excluded from law, thus having the flexibility to change each year as needed? Policy makers must collaborate with researchers and analysts to determine the best approach to create flexible policy that can adjust and change in future years. SB 1331 is the result of a collaborative effort between accountability experts, system administrators, faculty, and legislators. The following sections will address the goals and measures included in the pending legislation.

Goal Setting

There is universal agreement that establishing goals is the integral first step in crafting an accountability framework; they are the focal point from which performance measures stem. A successful framework cannot be built until a solid foundation, consisting of policy-oriented goals, is established. There is some debate, however, about how detailed the goals should be. Senate Bill 1331 has very broad goals, such as "Preparation" and "Participation", but is having general goals directive enough to facilitate change? Setting specific goals may be the best way to get specific results, as is the case for Texas and Oklahoma. Texas' *Closing the Gaps 2015* and Oklahoma's *Brain Gain 2010* each outlined exact numbers and percentages that would qualify as successful achievement of state education goals. Examples of these types of goals for California could be:

- *Currently XX% of high school students complete their A-G requirements. Our state goal is for YY% to complete A-G requirements by 2010.*
- *Our Community Colleges prepare XXX students for vocational occupations each year. Our state goal is for YYY vocational students to earn their certificate or degree in the year 2010.*
- *XX% of the State workforce holds a bachelor's degree. Our goal is for YY% of the workforce to hold a bachelor's degree by 2010.*

Specificity has been successful in helping Texas and Oklahoma reach their goals for enrollment for minority and lower-income students. California must find a goal-setting strategy and level of specificity that is amenable to policy makers, faculty, the coordinating board, and the systems.

Performance Measures

Careful selection of performance measures is needed to ensure that the items measured are for the purpose of informing policy makers of progress toward state-identified goals, rather than comparison of institutions. States with several years of accountability reporting experience have typically had to adjust their measures frequently to provide the answers they need about system performance. When compiling a list of performance measures, careful examination of other states' measures, and the goals those measures are linked to, will provide insight to viable measures for California to use. SB 1331 identifies the following performance measures (listed under the corresponding goals):

Educational Opportunity

- College readiness among high school graduates
- College readiness among adults, including adult basic skills proficiency levels
- College affordability

Participation

- Postsecondary enrollment
- Capacity to serve eligible students
- Diversity of the college environment

Student Success

- Student success in completion of his or her educational goals
- Student success in acquiring core competencies
- Student and employer satisfaction

Public Benefits

- Personal income
- State economic development
- Social and civic life

"Best Practices" from Other States

The State Higher Education Executive Officers (SHEEO) organized the convening of a National Commission on Accountability in Higher Education. This Commission, made up of postsecondary administrators and policy makers from across the nation, seeks answers to two primary questions: (1) What approaches to accountability will help American higher education achieve national goals, and (2) What approaches will build and sustain confidence in the systems and institutions that provide higher education in the U.S.?

In May of this year, the Commission met to hear testimony from scholars and coordinating board administrators regarding their states' experiences with implementation of a state accountability process. The meeting proved to be a useful forum to share "best practices" and caution against practices that have been unsuccessful. Best practice advice that came out of the May meeting included involving stakeholders in the development process of the accountability framework, keeping performance indicators to the fewest number possible and, in cases where funding is linked to performance, focus on reward rather than punishment.

Data Availability and Data Needs

Data availability has been a contentious subject in California postsecondary higher education for several years. Facilitating the exchange and sharing of data has been met with cynicism and distrust regarding how data may be used and the political repercussions that could come from the misuse of data. Assembly Bill 1570, passed and signed in 1999, required the public systems of higher education to share unique student identifying numbers with CPEC so that longitudinal analysis of student progress through the systems could be tracked. Five years later, negotiations with UC and CSU still have not yielded success in obtaining such student data, though the Community College Chancellor's Office has complied with the law.

Obtaining data that already exists is an obstacle, as is implementing new, and possibly costly, data elements that are not currently being gathered. When developing a framework for accountability, staff needs to determine which new data must be collected and what costs are associated with that collection. Are there additional costs in personnel and technology that an implementing agency must undertake? What are the costs of statewide reporting of performance measures versus institutional reporting? Data availability and additional data needs are huge factors to consider because, without the data or the authority to collect the data, the process cannot be implemented.

Assessing and Reporting Progress

An issue that must be addressed when working toward an accountability framework is determining how data will be assessed and weighted. Every two years, the National Center for Public Policy in Higher Education releases a *Measuring Up* report in which a grade is assigned to each state in several different performance areas. The *Measuring Up* report assigns a different weighted value to each performance indicator based on its importance to the performance category. Developers of a California framework would have to determine if this method might be replicated in a statewide framework, and if so, what values should be assigned to the indicators based on policy priorities.

In consultation with the legislature, another issue to be addressed with regard to data reporting is how often reports should be issued. Do change and progress move at a pace that would warrant annual reports or is a less frequent schedule acceptable? How often should new goals be set? Assessment of progress might reasonably occur every 5-10 years depending on the length of time anticipated for achieving goals.

Why CPEC?

Coordinating boards across the country have been assigned the duty of implementing frameworks and utilizing staff expertise to improve upon models with each passing year. These boards, including CPEC, maintain independence, non-partisanship, and the capabilities to collect, analyze, and report data. In order to present the data in a clear and concise manner that is easily and quickly digestible by busy legislators, it is critical that independent agencies compile and consolidate information from the systems into one report so policy makers do not have to interpret separate reports from each system that contain no statewide analysis. As stated by the Institute for Higher Education Leadership and Policy in their accountability report, "*It is hard to imagine how a California framework could be implemented without CPEC's guidance*."

Next Steps

Building upon the higher education accountability framework outlined in Senate Bill 1331, over the course of the next year, the Commission plans to:

- Investigate the policy and research questions raised in this prospectus;
- Research and analyze the higher education accountability policies and practices of other states;
- Develop, in collaboration with other interested parties, quantifiable goals and outcomes that the State should seek to achieve from its higher education system;
- Develop a plan for acquiring the information and data necessary for implementing the State's higher education accountability plan;
- Develop an initial approach for the state's higher education accountability reports as envisioned in Senate Bill 1331 and grounded in the Commission's further accountability research and findings; and
- Prepare an initial higher education accountability report for the Governor and Legislature's consideration.

As with its other major studies, the Commission will work in consultation and collaboration with interested representatives of the executive and legislative branches of state government as well as with officials from California's higher education systems.

Further, the Commission will seek to form partnerships with other interested parties to complete the above activities such that the state's higher education accountability structure benefits from the insight of others who are knowledgeable about and respected for their work on higher education accountability matters.

The Commission recognizes that the development, implementation, and refinement of the state's higher education accountability plan is an iterative process and can only be effectively achieved through continued discussions and collaboration with all affected entities. To that end, the Commission anticipates on-going discussions and consultation about the state's higher education accountability structure with the various stakeholders.