INSTITUTE FOR HIGHER EDUCATION LEADERSHIP & POLICY

BUYING THE RIGHT THING: USING A POLICY AUDIT TO ALIGN COMMUNITY COLLEGE FINANCE WITH STATE POLICY GOALS

Nancy Shulock
Institute for Higher Education Leadership & Policy
Sacramento State University

Steve Boilard
California Legislative Analyst's Office

ASHE
Anaheim, CA
November 2, 2006

Institute for Higher Education Leadership & Policy

Overview

- What is a “policy audit”?
- The California Community College context
- Methodology and Summary findings
- Using the policy audit to influence policy
  - Opportunities
  - Challenges

Institute for Higher Education Leadership & Policy

Policy Audit

Purpose:

- Understand impact of policies
- Identify incentives with respect to goals
- Are we buying the right thing?

Premise:

- Policies provide the “Rules of the Game”
- Policies develop incrementally
- Follow different streams, different players
- Full impact rarely considered
- Finance: “ATFA”

INSTITUTE FOR HIGHER EDUCATION LEADERSHIP & POLICY

Context: External Factors

- Hewlett/National Center report
  - current finance policies “serve to provide barriers to progress rather than promoting it”
  - Policy audit “essential first step” to “align resource allocation mechanisms to priorities
  - CCC system notoriously overregulated
- WICHE
  - “Changing Direction” project
- Hewlett Foundation continued support

INSTITUTE FOR HIGHER EDUCATION LEADERSHIP & POLICY

Context: California Community Colleges

California Higher Education

- CCC largest of three public systems
  - Serves more than 70% of enrollments
  - Key to future workforce
  - 109 colleges in 72 districts
  - Decentralized but highly regulated
- State lacks explicit, cohesive goals for higher education

INSTITUTE FOR HIGHER EDUCATION LEADERSHIP & POLICY

Performance Issues

- Low college readiness (proficiency)
- Low and decreasing direct college going rates
- High participation but low completion rates
- Substantial disparities by race/ethnicity/region
- Projected decline in educational attainment of workforce
- Projected decline in per capita income
- CCC can be key to reversing these trends

Methodology

- Define “finance policy” broadly
  - Base appropriations
  - Categorical programs
  - Laws and regulations on college use of funds
  - Fee policy
  - Student aid policy
- Derive goals from performance data
- Analyze policies with respect to goals

INSTITUTE FOR HIGHER EDUCATION LEADERSHIP & POLICY

Policy Goals

1. Provide access for those seeking entry or advancement in workforce
2. Increase completion rates for degrees and certificates
3. Align degree/certificate production with needs of the workforce
4. Ensure efficient use of funds

INSTITUTE FOR HIGHER EDUCATION LEADERSHIP & POLICY

Example: Base Funding

Access	+/-	Enrollment-driven funding gives strong incentive to provide access but all FTES is valued equally
Completion	-	Focus is on inputs and fairness to institutions; no incentive for students success
Workforce Needs	-	Disincentive to invest in high-cost programs like Nursing and to add programs to meet workforce needs
Efficiency	-	No incentive to consider return on investment; focus of policy solely on inputs

INSTITUTE FOR HIGHER EDUCATION LEADERSHIP & POLICY

Example: 50% Spending on Instruction

Access	-	Outreach to K-12, financial aid admin, etc., are on "wrong" side of 50%
Completion	-	Student support services that are critical to student completion are on "wrong" side of 50%
Workforce Needs	-	Disincentive for faculty to do curriculum development needed to align with workforce needs
Efficiency	-	Highly inefficient to require set percent irrespective of local needs; focus on input, not outcomes.

INSTITUTE FOR HIGHER EDUCATION LEADERSHIP & POLICY

Example: Student fee revenue as revenue offset

Access	-	Discourages support for fees as source of revenue that could increase courses sections
Completion	-	Discourages support for increased revenue to enhance support for student retention and success
Workforce Needs	-	Colleges have no financial tools to respond to short-term enrollment needs related to workforce
Efficiency	-	With no linkage of revenues to market demand, colleges are less responsive to market need.

INSTITUTE FOR HIGHER EDUCATION LEADERSHIP & POLICY

Summary of Findings

- Incentives overwhelmingly favor access over success – without regard to student goal
- Focus on fairness to institutions instead of quality of support for student success
- Heavy regulation reflects ambivalence about local control
- Extreme inefficiencies in use of public funds