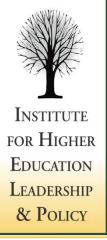


Higher Education Symposium January 22, 2003

Recommendations from Commissioned Report: "An Accountability Framework for California Higher Education: Informing Public Policy and Improving Outcomes"

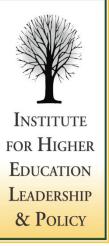
> Nancy Shulock Director, Institute for Higher Education Leadership & Policy

Opinions do not necessarily reflect those of the Senate Office of Research



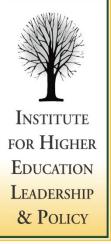
Report Purpose and Approach

- **Purpose**: "…over-arching accountability system…that measures progress made in addressing clear and definable state policy goals."
- Approach:
 - learn from other states
 - review current practices in CA
 - talk to people and LISTEN
 - make some important and careful distinctions



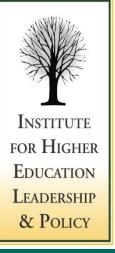
What This Should Be Fundamentally About

- *Collective* effectiveness of higher education institutions in serving public purposes
- *Collective* accountability
- Informing choices about institutional design and public policies
- Aligning responsibilities
- Using data to exercise judgment



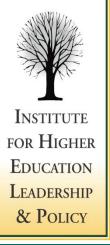
What This Should Not Be About

- Auditing expenditures
- Providing consumer-oriented information
- Evaluating academic program quality
- Measuring student learning
- Replacing discretion with formulas (performance budgeting)
- Comparing and monitoring campus performance



Some Vital Distinctions

- Accountability v. assessment
- Accountability v. performance budgeting
- State-level v. institutional accountability



The Challenge of Measuring Learning

An important educational outcome BUT:

- Good state-level measures not yet available

 Huge diversity of missions in higher education
 No standard learning outcomes
- What to do at state level with results of campus-level assessment
 - Faculty and institutional role to assess learning and make program improvements



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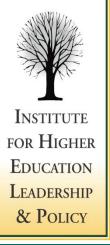
What To Do About Student Learning?

• For State-level reporting system:

 Support current efforts to improve measurement of statewide college-level learning – "educational capital"

Consider indirect measures in state framework

- For institutional-level reporting
 - Continue to improve campus-based processes
 - Require annual reports from segments to validate processes and demonstrate use
- Focus on other outcomes of policy significance



The Challenge of Linking Performance and Budgets

Performance Budgeting in Theory:

- Reward performance \rightarrow improve performance
- Budget is best motivator
- Reserve 2-5% of budget for performance
- Determine performance areas to reward
- Determine levels (targets) that must be met
- Review performance, apply rules/formulas
- Reward!



Performance Budgeting in Practice

- Replaces discourse and discretion with arbitrary targets and formulas based on false precision
 - arguments about targets, metrics, base resources, uncontrollable factors
- Encourages audit mentality
 - how are "performance" funds spent?
 - why didn't 2% of funding solve the problem?
- Marginalizes "performance"
 - what about the other 98%?

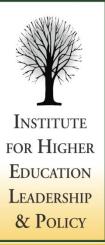


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Performance Budgeting in Practice (cont.)

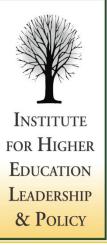
- Magnifies potential for perverse incentives

 graduation rates => "creaming" instead of access
- What to do when targets are not met?
 - the downward spiral problem
 - "there need to be consequences but taking funds away from low performers is not the answer"
- Political will evaporates in the face of nonperformance
 - legislators resist loss of discretion
 - entire process loses credibility
- Budget constraints!
 - what happens when the state can't meet its end?



What's the Alternative?

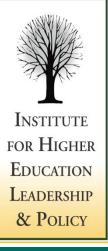
- Separate budget and accountability processes
- Make performance data *available to* the budget process and the policy committee process
- Consequences assessed through normal legislative processes (budget and policy)
- Budgetary consequences (not per formula)
- Other consequences:
 - system design: mission and incentives
 - regulation: degree of control/autonomy
 - publicity



The Level-of-Detail Challenge

Arguments for reporting campus-level data:

- It's public information
- Aggregate data mask performance issues
- Competition spurs results no one wants to be at the bottom
- Legislators have legitimate interests in campus performance



Why Not Routinely Review Campus-level Data?

(1) Avoid "data overload"

- Campus level performance data is public information for those with specific interests
- If compelling public purposes at stake, campus data *should be* included in state-level review

(2) Align roles with governance responsibilities

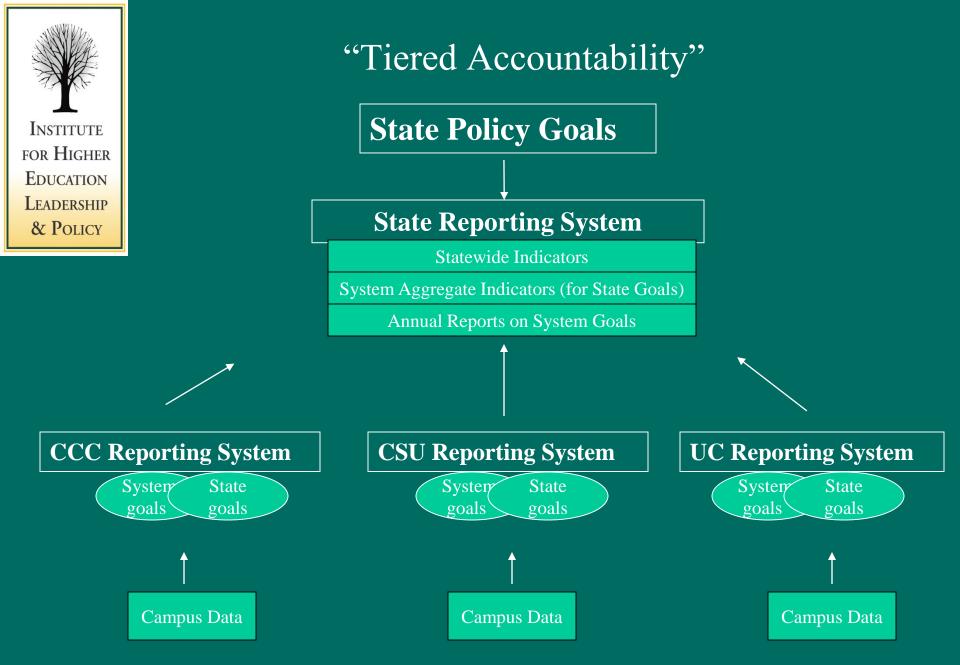
- Produce data relevant for making state policy
- Governing boards are responsible for campus performance



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The "Tiered" Accountability Alternative

- **State-level accountability** focuses on collective outcomes for state goals
 - statewide measures
 - system aggregates
 - campus data in exceptional cases
- **Institutional accountability** focuses on institutional improvement on state & system goals
 - systemwide measures aligned with state goals
 - campus measures aligned with state goals
 - campus and system measures for system goals
 - student learning and other qualitative data
 - annual report to Legislature

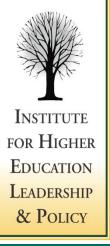




& POLICY

Suggested Categories for State Reporting System (See Sample Template in Report Appendix)

- Preparation for college
- Access and participation
- Affordability
- Completion
- Student Outcomes
- Economic Benefits
- Areas of Special Needs
- Efficiency



What Do We Need for this to Work?

- Cooperation
 - in developing a framework that reflects and honors different perspectives and purposes
- Flexibility
 - there are no perfect measures; start somewhere and make gradual improvements
- Trust
 - that people will use judgment in interpreting measures