

Faculty Research Fellows Program

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An Accountability Framework for
California Higher Education:
Informing Public Policy and
Improving Outcomes

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CENTER FOR CALIFORNIA STUDIES
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FOR CALIFORNIA HIGHER EDUCATION:
INFORMING PUBLIC POLICY AND IMPROVING OUTCOMES**

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EXECUTIVE SUMMARY

Implementing statewide accountability for higher education is a complex undertaking that has been attempted by most states with only some success. California has the opportunity to learn from the experiences in other states as well as from numerous national initiatives aimed at increasing statewide accountability for higher education. The “culture gap” that exists between the worlds of policy makers and educators complicates the effort, but the gap can be bridged with careful attention to key distinctions and definitions, including:

- ❖ The goal of state-level accountability is to promote discussion and improvement of key educational outcomes for Californians, not to assess the performance of individual institutions or segments.
- ❖ Accountability and assessment are *not* the same; state-level accountability is for policy goals such as educational opportunity, affordability, and economic development, while assessment focuses on student learning, which is best addressed at the department and campus levels.
- ❖ Accountability and performance budgeting are not the same; performance budgeting is but one way to implement accountability, and one that has met with limited success at best.

Legislative interest in improved accountability for higher education appears to be motivated by a sense of appropriateness, given accountability efforts in K-12, rather than a sense of urgency. However, there are discomfiting trends in California with respect to disparities among subpopulations in educational success at a time when higher education is increasingly necessary for individual economic security and state economic well-being. The reputation of the 1960 Master Plan and the state’s public universities may be providing a false sense of security. A statewide accountability framework can promote needed discussions about the status of educational outcomes in the state.

Formal accountability in California consists of the Partnership for Excellence for the Community Colleges, partnerships with the Governor for UC and CSU, and CPEC’s annual report of performance indicators. These segment-specific efforts do not form an accountability system by which policy makers can track progress toward key state priorities. Other shortcomings include a lack of specificity and consensus on performance indicators, lack of legislative buy-in to the UC/CSU Partnerships, and lack of consequences for under-funding by the state or under-performance by the segments.

The recommendations of the Joint Committee to Develop a Master Plan that pertain to higher education accountability would not improve the situation. The committee’s recommendations are seriously flawed by the urge to replicate in higher education the content-based learning outcomes assessment of K-12.

A number of national initiatives and state accountability efforts do provide guidance. Consensus has formed around principles of effective accountability, including a focus on improvement, broad involvement of stakeholders in the program's design, and a careful choice of performance indicators that reflect mission and avoid perverse incentives. National efforts to measure student learning are years away from creating instruments that could reliably assess college-level learning across institutions or states. Policy makers will need to rely on indirect measures, such as student and employer satisfaction ratings, and on the integrity of campus-based assessment and accreditation processes.

Designing California's accountability framework involves choices about the audiences to be served, the level of aggregation at which data will be reported, the kinds of data to include, the means for interpreting the data, the strategy for linking performance to consequences, and the venue for the review of the data.

There will be enduring challenges faced in implementing even the recommended alternative. Most measures are imperfect, and attempts to measure learning elicit philosophical debates. Most people want budgetary consequences but performance budgeting is fraught with problems. Segments want consistency in the policy goals for which they are accountable, but an accountability framework cannot prevent legislators from raising new, particularized issues. Finally, maintaining an appropriate balance across cultures and values and between autonomy and accountability will be a continuing test.

PRINCIPLES AND POLICY RECOMMENDATIONS

Principles for State-level Accountability

1. State-level accountability is about the effectiveness of our institutions and public policies, *collectively*, in meeting the educational needs of the citizens and the state; it is not principally about assessing the effectiveness of each individual institution or segment
2. A state-level accountability system should inform the choices that policy makers make about institutional design and public policies that affect the educational outcomes of Californians
3. Institutional improvement is best supported by internal accountability systems that examine campus-level performance with respect to state and institutional priorities
4. Accountability must be built on cooperation and trust, not fear and competition; it must be designed so as to earn the support of policy makers and educators alike
5. Accountability and assessment are not the same: accountability comprises a range of state policy goals; assessment is aimed at student learning, which is not amenable to direct measurement via state-level performance indicators
6. Accountability information should be *available to* the budget process but the two processes should be kept separate because accountability is about more than the expenditure of resources
7. The consequences of performance should be determined through normal political and governance processes and not through the application of formulas to a set of performance indicators, targets, and standards
8. Accountability should be two way: institutions are accountable to state policy makers for performance as set forth in the accountability framework and policy makers are accountable to institutions for maintaining a consistent policy focus on the issues and priorities in the framework
9. Performance should be tracked with respect to improvement over time and appropriate standards but not with respect to arbitrarily assigned targets
10. Information to support consumer choices with respect to postsecondary attendance is of a fundamentally different nature and should be handled outside of a state-level accountability framework

Recommendations for the Structure of the Accountability System

1. The framework should start with a set of fundamental priorities for the state's postsecondary education enterprise and include indicators of statewide educational outcomes
2. There should be separate priorities and performance indicators for each segment that reflect its contribution to the overall priorities for the state
3. Performance data should be reported for the state as a whole and for each system in the aggregate, but not for individual campuses
4. Adopted performance indicators should (a) reflect the values of all major stakeholders, (b) relate directly to the priorities set forth in the framework, (c) reflect differences in mission, (d) quantify performance as best as possible, and (e) focus on outcomes and results
5. Each segment should develop an internal accountability system designed to promote institutional improvement around institutional and state priorities and should report annually on this process to the Legislature and Governor
6. The state-level framework should not incorporate direct measures of student learning but should include a "process" measure by which segments must demonstrate that their internal processes of student learning assessment are being run with integrity and are being used to improve student learning
7. The development of performance information should be coordinated by CPEC (or another state-level entity), which would ensure the integrity and accuracy of the data
8. An annual accountability "forum" should be held outside of the budget process for members and staff of the budget and policy committees that deal with higher education and the Governor's higher education staff
9. An expert on higher education policy and performance measurement should present a concise analysis of the performance data, noting where performance is on track and calling attention to any areas of concern
10. The outcome of the accountability forum should be recommendations for consideration by budget and policy committees, the Governor, and the segments

1. THE CALL FOR INCREASED ACCOUNTABILITY IN CALIFORNIA HIGHER EDUCATION

“Higher education has gotten off the hook when it comes to accountability.”
State Senator

“We have deals, not accountability.”
Legislative staff member

“We know what we’ve agreed to do. Our pride and the threat of displeasing legislators with whom we have to continue to work is motivation enough.”
Segment representative

“There is huge resentment among the faculty about accountability for student learning outcomes.”
Faculty member

“The primary public policy responsibility for American education resides with the states.”
“Measuring Up 2002” – The State-by-State Report Card for Higher Education
– National Center for Public Policy and Higher Education

Project Overview

Introduction

“Accountability” is pervasive in the public sector today. Its meaning and its application can vary greatly, but the responsible public servant or policy maker must come to terms with it. In short, accountability involves the attempt to ensure that appropriate value is derived from public investments. This project reflects legislative interest in formalizing accountability in higher education. We began with the above quotations to emphasize that while accountability invokes strong opinions and can incite defensive behavior and finger-pointing, ultimately the responsibility for raising the level of education among the state’s citizens lies with state policy makers. Our system of educational institutions is designed by state policy and its

outcomes are influenced by state policy. We hope that accountability will be pursued with a common desire not to rank, compare, evaluate, or blame institutions or systems, but to raise the levels of educational achievement for Californians.

We have been asked to “begin development of an over-arching accountability system for higher education that measures progress made in addressing clear and definable state policy goals.” The Senate request notes that California invests nearly \$12 billion in higher education but has no mechanism to gauge the return on the investment. Our task is to provide background information on accountability, review trends in California and elsewhere, and recommend a framework for California “designed to support institutional improvement around clear state public policy goals for the use of state policymakers, institutions, and consumers.” We were not asked to recommend the substantive policy issues that should guide accountability—that is something that must be done by stakeholders themselves.

Many other states have implemented accountability systems for higher education. As a relative latecomer, California is in a good position to learn from these experiences. But implementing effective systems is not easy. Some approaches taken elsewhere have not proven effective, although consensus is growing about certain guiding principles. A critical review of best practices and misguided approaches in other states can help California policy makers design a framework that can balance the legitimate claims of policymakers for democratic accountability with the equally legitimate need for educators to preserve and shape institutions to educate and serve society in ways that defy easy quantification and measurement.

Study Design and Outline of Report

In preparing this report, we researched the literature on accountability in the public sector and in higher education. We reviewed experiences of other states and several national initiatives. Most importantly, we interviewed forty-six people, including legislators, legislative staff, executive staff, segment representatives, faculty, and national experts (see Appendix 2 for complete list). Talking to those who work in the higher education policy arena and whose efforts will be key to the success of an accountability system is an indispensable means of learning. We are grateful to all of these people for their contributions to the project. We have quoted many of their comments in order to bring the issue to life for the reader but we feel it is appropriate to keep the comments anonymous.

In the remainder of this chapter, we discuss the challenge of implementing accountability in higher education. We make some distinctions that are critical to successful implementation. The last section summarizes the problem, as we have come to understand it, that this project is intended to address.

In Chapter 2, we provide background on accountability in the public sector and in higher education. The bulk of the chapter describes and assesses the status of accountability in California—including current “Partnership” requirements and the recommendations of the Committee to Develop a Master Plan for Education.

Chapter 3 provides evidence from other states that have implemented accountability initiatives as well as from a variety of national projects aimed at improving accountability in postsecondary education. We conclude this chapter with principles that others have put forth based on their experiences and with lessons that we can learn from the variety of efforts that have preceded ours.

Chapter 4 presents the core of our analysis. First, we lay out the criteria by which we should judge an accountability system to be successful. Next, we review the range of design choices and make recommendations.

In Chapter 5, we present principles for effective statewide accountability, and recommendations for the structure of the framework, and note some implementation issues. We include an honest assessment of the challenges that will be faced, even with the preferred alternative.

The Higher Education Accountability Challenge

Differences Between Higher Education and K-12

Legislative interest in higher education accountability is an offshoot of the attention to K-12 accountability. Despite this connection, a key difference between K-12 and higher education has important implications for accountability: desired learning outcomes for K-12 are much more clear. Notwithstanding controversies surrounding the use of standardized tests, there are standards that students are expected to meet upon completion of high school and there are few policy outcomes expected of the K-12 system to compete with the goal of student learning.

By contrast, in higher education there are no standard learning outcomes that could be applied to all institutions. There is an emerging consensus that general education learning outcomes include effective communication, critical thinking, and problem solving skills. But it is widely accepted that different institutions have different but equally legitimate learning objectives. Only a few states have tried standardized testing in higher education and these have met with considerable controversy. There is a huge variety of major degree programs with understood differences in emphasis across programs and institutions.

In addition to the variety of learning outcomes from one's choice of campus and major, there is the diversity of mission beyond degree production. Community colleges have myriad missions, encompassing adult education, basic skills, remediation, transfer, workforce development, and contract education. Four-year university missions encompass regional, national, and global economic development, community engagement, cultural enrichment, production of applied and basic research, delivery of health care, and more. It is difficult to capture these diverse missions in ways amenable to goal setting and performance reporting.

The Measurement Problem

Accountability systems invariably come down to measurement, and the measurement problem in higher education is huge. It involves devising the best measures for things that are measurable and coping with the un-measurable. One legislator expressed this measurement challenge as follows:

“In K-12 it is clear that graduating students should know certain things...higher education has so many missions and so many intended outcomes that it's hard to think about what an accountability system would look like or how we'd know if it was working because we wouldn't be able to measure anything.”

Fortunately, prospects are probably not as dim as this legislator implied. Building on work done in other states as well as in California, we can set forth policy goals that reflect the variety of missions and we can work to find measures that, while not ideal in some cases, might be acceptable. But we can succeed in meeting this challenge only if we successfully bridge what we will call the “culture gap” in higher education with respect to accountability.

The “Culture Gap”

The worlds of policy making and academia are different in many respects.

Different incentives and reward structures lead to different values, styles of communication, and decision-making structures. The accountability debate exacerbates these cultural differences.

Our interviews highlighted the breadth of the gap. Legislators and staff, while acknowledging the complexity of higher education, nevertheless stressed the need to have accountability information boiled down to “digestible pieces” and “factoids” that “fit on a business card” or are “at most three pages.” They want to know, in no uncertain terms, whether goals are reached or not, whether students graduate or not, whether transfer rates are up or down. They do not want ambiguity, explanations, caveats, or excuses. They want to know the state’s return on investment and don’t mind applying business-oriented techniques. They have no time to read lengthy reports. They acknowledge a lack of expertise, fueled by term limits. They want to see consequences for performance.

By contrast, the academic community finds the business-oriented, bottom line approach to accountability threatening and inappropriate. Faculty and administrators alike fear that such an approach can be punitive and can narrow society’s concerns to those aspects of higher education that can be readily measured, at the expense of dearly held values. They fear legislative intrusion into matters of educational expertise. They fear micromanagement. They question how educational quality and equity can be quantified and assessed in a neat and tidy way and worry that quantitative measures create perverse incentives. They fear one-size-fits-all measures that ignore different missions, student bodies, demographics, resources, and factors outside their control. And fundamentally, they fear that accountability

will upset prevailing governance structures.

In spite of these fears, administrators tend to accept the legitimacy of accountability, provided it maintains the proper perspective and values. They believe that some areas are amenable to quantification but others are not. They hope that any system we use would handle the unavoidable nuances, caveats, and explanations, and would use reasonable standards. Faculty tends to have deeper objections based on core values concerning the purposes of education. One faculty member estimated that 50-60% of faculty in that system believes that the Legislature has no legitimate role in higher education accountability. Another faculty leader passionately stated the faculty case against accountability:

“Nobody is opposed to measuring student outcomes. But the accountability movement has become an ideology that virtually dismisses other outcomes and focuses only on the immediate mastery of concrete subject matter. It’s an attempt to vocationalize all of higher education. We have a basic objection to learning as something that can be or must be measured. Legislators seem to have forgotten about all the important things they learned in college that relate to life and are not testable.”

Core beliefs about the purpose of education complicate this issue greatly. In the words of a national accountability expert, evaluating student learning via standardized tests “opens up one can of worms” but measuring outcomes in terms of employment and salary outcomes “opens another can of worms about the purpose of education,” that is, is it to train workers who make money or to educate citizens?

Although the culture gap is indeed vast, we believe that through some careful explication of some key accountability concepts and a sensible system design, it is possible to build bridges and establish a workable consensus.

Key Definitions and Distinctions

What is Accountability?

The meaning of accountability has evolved as new models of public management have emerged in the last 15 years. The older view emphasizes accountability for sound fiscal management and following rules. The newer view emphasizes outcomes and argues that public managers should be given flexibility to produce the desired outcomes with minimal oversight of how funds were allocated or what methods were used—a kind of oversight viewed as “micromanagement.”

There are different views as well about the purpose of accountability. Even as used today, accountability has a punitive ring. We tend to think in terms of “accountability-holders” and “accountability-holdees,” with the former invoking consequences on the latter (Behn, 2001, p. 2). Others advance the view that accountability is about learning and improvement and should be a shared endeavor.

This report is guided by the following values about accountability:

- The goal of state-level accountability is to promote discussion and improvement of key state (not institutional) priorities for the purpose of informing state public policy;
- Accountability requires collective responsibility and must be built on cooperation and trust, not fear and reprisal;
- Accountability should be for outcomes to the extent that they can be agreed on, defined, and measured, but there are legitimate public interest reasons to seek accountability for actions and processes; and
- Accountability is an attitude and a set of cooperative relationships as much as a program.

We found considerable consensus among those we interviewed as to the purpose of an accountability system. The most common response to our question about what a good accountability system would do for the state was a variation of:

“A good accountability system would allow us to measure progress toward broad policy goals.”

Some additional comments illustrate the potential value in accountability:

“We would have a learning system. The data would truly be able to signal us when we were off course.”

“True accountability is about learning and being able to reallocate resources to achieve policy goals.”

“Accountability is about assuring the public that certain important things are happening in terms that the public understands.”

While people seemed fairly clear about the purpose of accountability, it’s a safe bet that if it came to details about what accountability is and is not, the picture would get a little fuzzy. Hence the importance of the following distinctions:

Assessment versus Accountability: A Critical Distinction

The most important point we can make in this paper is that accountability and assessment of student learning *are not* the same. It is unfortunate that the two have become blurred because this confusion is the single biggest obstacle to achieving consensus about the legitimacy of accountability. Faculty are passionately opposed to legislative activity in defining and assessing learning outcomes, and to the very idea that the value of postsecondary education is measured as mastery of concrete subject matter. By contrast, faculty readily accept the Legislature’s role in setting state policy goals for higher education and tracking progress toward those goals.

In our interviews, faculty assumed that our inquiries about accountability were about student learning and they expressed strong concerns. When we explained that our focus was on state policy priorities, the conversation totally changed. In view of the necessity of gaining a consensus about the legitimacy of the accountability endeavor, and in recognition of the real difference between

assessment and accountability, it is imperative that those responsible for implementing the accountability framework understand this distinction.

The learning outcomes assessment movement began in the 1980s out of concern about the quality of teaching. A movement emerged to re-invigorate teaching and to re-structure doctoral education so that prospective faculty received training in teaching along with the emphasis on research and specialized study. Faculty reward structures were reviewed with an eye to increase rewards for good teaching. An assessment industry emerged to engage department faculty in defining learning outcomes for students, developing tools to assess learning, and making program changes to respond to the assessment findings. Assessment of student learning is now a standard part of faculty activity at the department level.

Accountability has a different history—emerging in its current guise as part of the “reinventing government” movement of the 1990s with its emphasis on mission-driven, results-oriented government. The message was that the rule-bound, legalistic, traditional approach to accountability was stifling creativity and limiting productivity in the public sector. Public managers should therefore be granted more freedom to manage funds and programs as they see fit in exchange for accountability for outcomes. The legacy of this paradigm shift is that government agencies put more effort into understanding and communicating their missions, goals, and performance outcomes both within their organizations and to the public.

The accountability movement took hold in higher education somewhat later than in state and local government. Since student learning is obviously a central goal of postsecondary education, learning outcomes assessment was merged in the

minds of many with the new focus on accountability. Yet, student learning is but one of the intended outcomes of postsecondary education and one that is best understood at the department and campus levels. Other state policy objectives for higher education include broad access to educational opportunity, affordability, degree completion, advancement to graduate school or the job market, citizenship, economic development, and research accomplishments. Accountability for these concerns requires a look beyond campuses to a state's performance as a whole.

Institutional Performance versus State Policy Priorities

It is one thing for an individual campus or system to achieve its goals but quite another for higher education *as a whole* to produce satisfactory public policy outcomes for the state. In theory, every campus could perform well individually but fail *collectively* to fulfill state needs. This is precisely why the Legislature has a legitimate role in accountability—one that is accepted by the academy. An accountability system that keeps the focus on state public policy priorities and not individual campus or system performance stands a much better chance of success.

Making the distinction between campus performance and state policy outcomes is easier for state goals that are not salient at the campus level. For example, the state has a clear interest in the number of teacher credential candidates produced *collectively* by its universities. Individual campuses focus on issues of program quality and completion with no need to consider statewide numbers absent a state priority and corresponding goals. A statewide accountability system could identify needs for expansion, which could be translated at the system level into targeted program expansion at selected campuses.

A second example is the recent move to year round operations. For an

individual campus, shifting enrollments to a summer term may not have been a priority if other means were available to accommodate enrollment growth. Yet, at the state level, enrollment trends and capacity constraints warranted adopting this state priority with the need to hold campuses accountable for their shares. To the extent that our accountability framework includes these kinds of statewide policy priorities, a simple clarification should ease the resistance to accountability.

More difficult are those policy issues that are salient at both the campus and state levels. Here the challenge is to look for accountability for the outcomes of state-level institutional design and not for individual campus performance. Not only does this help produce information relevant to state policy options, but it spreads the accountability burden more widely by asking policy makers to be accountable for the outcomes of the higher education system that they design and oversee.

Take the example of student preparation. It is understandable that campuses would resist accountability that merely compares campus successes in remediating under-prepared students. We would get embroiled in the debates about whose entering students were more under-prepared and who had the most or fewest resources. And any identified problems would best be remedied by changes at the campus or system level, not by changes in state policy. If we looked instead at state and system outcomes, we raise the possibility of state policy changes in funding, admissions, inter-segmental collaboration, financial aid eligibility, or other policy tools that might accomplish the intended purposes.

Another example is community college transfer. We should not simply compare transfer rates for individual colleges. This invites invidious comparisons

that suit no state-level public policy purpose. Better that these comparisons be left to internal system governance to make and act upon, and that state policy makers look at outcomes such as the relative baccalaureate completion rates of transfer versus native students, of part-time versus full-time students, the capacity of four-year institutions to accommodate transfer students, or whether certain populations are being shut out of the baccalaureate. State policy changes addressing structure, financial aid, admissions, or inter-segmental cooperation could then be considered.

Accountability versus Performance Budgeting

Accountability is often equated to performance budgeting. This is an unfortunate mistake. Performance budgeting is more accurately understood as one possible tool for accomplishing accountability and one that is far more compelling in theory than in practice. In theory, if performance is rewarded with increased funding, one could expect performance to improve. In practice, the obstacles to effective performance budgeting are legion and there are few, if any, cases of successful implementation. In Chapter 3, we review the experience with performance budgeting in other states. Here we summarize the design and implementation challenges that account for its general lack of success.

Orthodoxy in performance budgeting says that the percent of total funds used to reward performance should be between 2 and 5 percent—any more and it would be disruptive to annual budgets; any less and it would be insignificant. But devoting such a small portion of funds to what have been identified as the most important priorities just marginalizes these important issues and, in the words of a legislative staffer, “gives them money for exactly what they should be doing anyway.” In other words, what is the remaining 95-98% of the budget supposed to be accomplishing?

Another problem is the false precision that is built into performance budgeting schemes. The difficulties with measurement are magnified when formalized in models that translate performance into budgets. Controversy is the inevitable result. We don't know enough about relationships between effort, performance, and funding to develop fair formulas, especially when different institutions with different missions and resource bases are subject to the same formula. For example, do we know enough about how to combat financial and social barriers to degree completion among different population groups and about the impact campus efforts have on completion rates to set fair financial rewards for graduation rates to apply to all CSU and UC campuses, regardless of their clientele? Who sets the goals, assesses the adequacy of performance, and determines the relative weighting of the performance areas? All of these design questions invite resistance, which, in turn, erodes political support for performance budgeting.

Further complicating the issue is the great potential for perverse and/or conflicting incentives. For example, if we give financial rewards for five-year graduation rates, we provide an incentive to exclude certain groups of students (who take longer to graduate) or to lower graduation standards. If we reward the percent of incoming freshmen who are fully prepared for college level work, we encourage "creaming" rather than increased K-12 outreach efforts by colleges and universities. The incentives to "cream" or "exclude" are in direct conflict with the state's emphasis on access. If we reward efficiency, as measured by the (lower) number of units completed upon graduation, we encourage campuses to make it difficult for students to change majors, which, in turn, could decrease satisfaction and lower

completion rates. If we reward efficiency, as measured by student/faculty ratio or sponsored research dollars raised, *and* we reward student learning (however measured), we may be setting up conflicting incentives for faculty.

Another issue is particularly perplexing: in cases of low performance, should funds be taken away? Most would say no, because that could reduce performance further. Others might call for increased funding to remedy the problem. But if more money is the response to both good performance (reward) and poor performance (remedy), then what incentives have we created? We encountered this conundrum in our interviews, with several people making comments like “there need to be consequences but taking away funds from low performers is not the answer.”

One staff member suggested that in any given year “there is only so much money available for higher education, so if a performance budgeting system says that some amount is needed as a reward for some accomplishment, it will just be taken from somewhere else in the same budget.” Related to this is the problem of economic cycles that affect available funds. Best-laid performance budget plans can be negated by recessions. And what kind of message does that send about the importance of these supposedly key policy priorities?

The biggest implementation issue is the lack of political will to implement differential “rewards.” When a formula produces lesser budgetary outcomes for the more powerful institutions, political will quickly evaporates. This problem has plagued the implementation of performance budgeting in other states.

Another implementation problem arises because the categorical nature of small pots of “accountability funds” encourages an audit mentality about the use of

those funds. Policy makers tend to think of the 2-5% pot as purchasing these desired outcomes and they track how these funds were used. This leads only to frustration on the part of those being audited and of those trying to understand why 2-5% of total funding did not solve the problems of performance.

Some claim that performance budgeting has failed because, as implemented, the allocation rules do not reach down to the level of campuses and departments where the real action occurs that can change performance. While it is true that most performance budgeting systems are probably implemented at too high a level to matter to faculty, the fundamental problem is that performance budgeting does not meet the needs of policy makers. As one person noted, “If this really worked, then funding gets put on autopilot and legislators lose their ability to control.”

In view of these design and implementation barriers, we urge that accountability be clearly separated from performance budgeting and that the latter not become a central feature of an adopted framework for California.

Performance Data versus Institutional Profile Data

Most people agree that accountability should be for the public. However, there is the public, as in “the public interest,” and the public as in “consumers” acting in their own private interests. The information that consumers want, to act in their private interests, is more likely to be institutional profile data, not performance data. Consumers want to know the characteristics of a campus that could affect their experience, e.g., the percentage of classes taught by full-time faculty, the student-faculty ratio, the number of classes with enrollments over 100, the percentage of students living on campus. These factors are important considerations in a learning environment but are not measures of performance and should not be included in a

state-level accountability system. There are other outlets for consumers to receive information intended to inform their choices as private citizens.

What Is The Problem?

Most policy studies are aimed at mitigating policy problems. In this regard, higher education in California is in a somewhat strange position. The common view in the policy community is that there is no crisis in higher education, contrary to K-12. Some with whom we spoke believe that there isn't even a problem (let alone a crisis) and that problems that manifest themselves in the higher education environment are really K-12 problems. Others believe that there are problems in higher education, or that problems might be uncovered if policy makers had better, "un-spun" information about performance and outcomes. But there is definitely no crisis mentality that would provide a window of opportunity to make changes.

In contrast to this common wisdom, there is reason to believe that there is a crisis that for some reason is not being recognized. At the September, 2002, conference on "Envisioning a State of Learning," sponsored by the Center for California Studies and the Institute for Higher Education Leadership & Policy at CSUS, two prominent national experts on higher education policy, Patrick Callan and Dennis Jones, decried the complacency they observe in California where the 1960 Master Plan continues to be celebrated while access erodes daily under the crush of Tidal Wave II. They see no efforts underway that could be expected to avert a disastrous situation with respect to equal educational opportunity for California's citizens and the production of an educated workforce to sustain the global, information economy.

Those in the legislative arena who support this project appear to do so

because it seems appropriate that higher education be held accountable, not because they believe that fundamental state policy interests are at stake. But the conversations that would tell us whether state policy interests *are* at stake are not occurring. This, we believe, is the problem that our report is addressing.

The salient issues in K-12 have taken up much “agenda space” in the education policy community. For that reason, along with the security (perhaps false security) provided by the reputation of California’s Master Plan and its public universities, higher education policy has not been a priority. Yet, there are discomfoting trends visible for those who take the time to look:

- Earnings for California workers with at least some college have increased or remained constant over the past several decades, while earnings for those with lower levels of education have declined markedly in real terms;
- California’s economy now requires a highly educated citizenry; the percent of our workforce in high-technology jobs is twice the national average;
- There are serious shortages in degree production in several fields that are key to the state’s economic health, such as teaching and nursing;
- Key industries have experienced difficulty filling vacancies for skilled high-tech workers, a situation with consequences for California’s competitiveness;
- While the racial and ethnic disparities in high school graduation and college enrollment have begun to narrow, significant disparities remain in baccalaureate degree attainment and thus in access to financial security;
- There is a growing perception that postsecondary education confers a private, more than a public, benefit and that the state can afford to reduce its support; however, research demonstrating that college attendance among low-income students is highly sensitive to tuition increases points to potentially serious consequences for California’s ability to maintain its commitments to access and equity in higher education.

We suggest that it is timely for California to adopt an accountability framework—not because we do it in K-12 or because other states do it—but in order to promote discussions about whether current public policies are adequate to meet the educational needs of the citizens and the economic needs of the state. Without

such a framework, the right questions may not get asked, the best policies may not get implemented, and educational outcomes may suffer. Developing an accountability framework will require careful attention to the distinctions raised above so as to avoid unnecessary conflict and find an approach that honors the roles and responsibilities of educators and policy makers alike.

2. ACCOUNTABILITY AND CALIFORNIA HIGHER EDUCATION

The Accountability Movement in the Public Sector

The 1990s saw an explosion of efforts designed to reform government through “performance management.” The 1992 book *Reinventing Government*, by Osborne and Gaebler, had an enormous influence on public sector activity. Among the many paradigm shifts promoted by the book was a shift from process-oriented, rule-driven public management to performance-oriented, results-driven government. Performance-based management urges public managers to use tools of strategic planning, goal-setting, and performance measurement to base decision making on results.

A results paradigm changed the focus of public sector accountability from following rules and avoiding trouble to demonstrating acceptable outcomes from the use of resources and authority. This has placed a premium on the development of performance indicators, which, in turn, has increased demands on public sector information systems and challenged public officials as to what to do with performance information.

This new performance/accountability paradigm was adopted by the Clinton administration, with the National Performance Review, and institutionalized in the bi-partisan Government Performance and Results Act of 1993, which required federal agencies to produce strategic plans, performance plans, and performance reports. Efforts abound in state and local governments to use performance management strategies to improve performance and increase accountability. Most states and major cities now have web sites that, in the name of accountability, display departmental goals and outcomes.

Assessments of the impact of the public sector accountability movement are mixed. Most studies have documented a positive impact on internal agency operations, in the development of a culture of performance, but have found little impact on decision making with regard to setting priorities and allocating funds (Wang, 2002).

Several reasons have been advanced for the limited success of performance management. Some are familiar: outcomes of most government programs are hard to define and harder to measure; organizations have limited capacity to collect and use performance data, particularly for policy areas that cut across departments; it is politically risky to act on performance data. These are the same practical problems that have plagued generations of efforts to rationalize government planning and budgeting (e.g., zero-based budgeting; PPBS, Management by Objective.) But as evidence mounts of the lack of fundamental change, more subtle explanations are offered. Performance management requires a different kind of thinking by legislators, public servants, citizens, and policy makers and “until each of these groups begins to think differently about what government should and should not do, the concepts of performance management may remain primarily a set of theoretical ideas....” (Behn, 2002b, pp. 9-10).

In summary, the history of public sector accountability has been one of great promise, false starts, reinventions, and lowered expectations, but with some move toward a “performance culture” in government, where citizens and public servants alike expect conversations to be about results. The progress in public sector accountability, however slow, raises the stakes for the higher education community,

which cannot afford to be perceived as exempted from oversight and from accountability to the public it serves.

Accountability in Higher Education

Until fairly recently, states largely delegated accountability to institutions and their governing boards. Universities' claims to academic freedom and autonomy were respected, with governments' interest largely confined to matters of budgetary allocations, location of campuses, and tuition rates. Elected officials trusted academic leaders to guide universities in directions that were of mutual interest and benefit (Zumeta, 2001). This "hands-off" approach to oversight of higher education continued until the public sector accountability movement was well entrenched.

A shift has occurred over the past decade in the balance between autonomy and accountability for public higher education. No longer willing to exempt higher education from the kind of oversight given other program areas, policy makers are asserting new demands for accountability. Higher education institutions are struggling to respond in ways that preserve valued principles and honor institutional missions. Scholars of higher education attribute this shift to a variety of factors, including:

- Concern about the quality of student learning, as an offshoot of the "Nation at Risk" report on the quality of learning in K-12;
- Misgivings about the traditional quality ranking system that is based on research and reputation, rather than undergraduate learning experiences and outcomes;
- Escalating higher education costs that are outpacing growth in personal income;
- Increasing competition for the discretionary state dollar, forcing policy makers to look at comparative returns on public investments;
- New policy issues of equity brought about by the growth in "non-traditional" students (older students, part-time students, students of color);

- Concern whether traditional models of educational delivery can accommodate the projected huge increases in college enrollments; and
- A conceptual shift to viewing postsecondary education as the driving force in the new information-based economy rather than a just provider of educational opportunity.

These factors have triggered increased attention by policy makers to the outcomes of higher education. The current economic downturn has raised the stakes as governments look to higher education to do more with less and turn to performance indicators to monitor and improve outcomes, seek efficiencies, and guide resource allocation.

General Trends

Separate surveys conducted by the State Higher Education Executive Officers (SHEEO) and the Rockefeller Institute of Government over a period of years have documented a growth trend in state accountability systems as well as a variety of approaches. Nearly all states now have some form of mandated accountability program for higher education (Burke & Minassians, 2002). Some of the earlier programs resulted from unilateral imposition of performance systems by policy makers. Not surprisingly, these approaches encountered great resistance in the academy and spurred educators to participate in the design of accountability programs.

Studies have also documented a growing interest in linking performance to funding. Many observers suggest that this interest will grow as state coffers shrink. However, the link between performance and budgets is fraught with difficulties, as we noted in Chapter 1. Early attempts tended to use direct, formulaic linkages. More recently, the preference is for looser, “macro-level” linkages. The search for

effective linkages continues.

The search also continues for appropriate and valid performance indicators. Early efforts relied too heavily on indicators that were readily available, which tended to be traditional input and process measures. Most states are seeking a balance among measures of quality, equity, and efficiency to satisfy all stakeholders. Debates continue about the value of quantitative versus qualitative measures, the need for mission-specific measures in addition to common measures, and the advantages of providing campus-level, system-level, or state-level data. While consensus has been reached that a short list of measures is best, most states still employ too many measures.

In Chapter 3 we describe common practices more specifically, including overall system design, links to budget, and frequently used performance indicators. We stress, however, that what is common is not necessarily what is best. Many states have proceeded by trial and error and some tough lessons have been learned. Our challenge is to build on these experiences to develop a framework that can work well in California.

Regional Accreditation

California's postsecondary institutions are subject to accreditation by the Western Association of Schools and Colleges (WASC). One of six regional accrediting associations in the U.S., WASC is part of the national trend to shift accreditation from a focus on inputs, such as faculty qualifications and financial resources, to a focus on educational effectiveness and student learning. According to the current WASC Handbook on Accreditation, the process is aimed at (among other things):

- Assuring the educational community, the general public, and other organizations and agencies that an accredited institution has demonstrated it meets the Commission’s Core Commitment to Institutional Capacity and Educational Effectiveness;
- Promoting deep institutional engagement with issues of educational effectiveness and student learning, and developing and sharing good practices in assessing and improving the teaching and learning process;
- Promoting within institutions a culture of evidence where indicators of performance are regularly developed and data collected to inform institutional decision making, planning, and improvement.

This is not the place for a review or defense of accreditation’s role in academic quality assurance. We know that the policy community has little or no confidence in accreditation as a means to assure program quality and student learning. This does not mean, however, that assessing student learning and academic program quality must become the function of a state accountability system. We believe strongly that these responsibilities rest with campuses, systems, and accreditation bodies. There is much work to be done, surely, but it need not be attempted through a state-level accountability system at the expense of more appropriate and feasible monitoring of the extent to which California’s postsecondary institutions meet the needs of the citizens and the state.

Status of Accountability in California Higher Education

The remainder of this chapter describes the status of accountability in California. We begin with an observation about the performance culture in California, continue with descriptions of the existing accountability mechanisms, and end with a critique of the recommendations of the Joint Committee to Develop a Master Plan for Education.

The Master Plan Culture of Complacency

With all the success and visibility of California’s Master Plan for Higher Education, it may seem unfair to say that California lacks a performance culture for higher education. But in our view, California has adopted a complacency, perhaps out of comfort with its lauded Master Plan, that is slowing progress toward true accountability for the outcomes of higher education. It may be that the feature for which the Master Plan is most respected—differentiation of mission into three segments—discourages the statewide evaluation that is needed today. In California, we tend to think of accountability in terms of segments; we have three separate accountability systems. We collect data to answer questions about the performance of segments rather than of the whole enterprise.

This could explain why neither educators nor policy makers in California have shown much interest in the results of the state-by-state report card, “Measuring Up,” issued by the National Center for Public Policy and Higher Education. In many states, grades have spurred action, or at least dialogue, about areas of measured weakness. We know of no such response in California. Our discussions with national education leaders and policy analysts from other states give us some cause for concern about the absence in California of the kind of attention being given elsewhere to state-level policy outcomes.

Segmental Accountability Requirements

Formal, state-level public accountability within California postsecondary education consists of four principal elements:

- The Partnership for Excellence for the California Community Colleges
- The Partnership between the UC and the Governor

- The Partnership between the CSU and the Governor
- The Performance Indicator Report required of CPEC

We describe these briefly and analyze their strengths and weaknesses. We also describe the CSU internal accountability process because it provides an example of an institutional accountability system that can be paired effectively with state-level accountability, given the right division of roles and responsibilities.

California Community Colleges: Partnership for Excellence

The Partnership for Excellence (PFE) for the California Community Colleges represents the state's only foray into performance budgeting in higher education. The PFE was originated through a budget proposal to the Governor by the Board of Governors. The primary goal in proposing the performance funding approach, according to those familiar with the history, was to secure additional funding. According to many, only the Governor ever intended PFE to be a system of accountability. The Legislature and the Governor signed the program into law through Senate Bill 1564 in 1998.

The PFE provides categorical funding to community colleges in exchange for improving performance in: (1) student transfers; (2) degrees and certificates awarded; (3) successful course completion; (4) workforce development; and (5) basic skills. Specific goals and measures for the five categories were adopted in Fall, 1998, with targets to be achieved by 2005/06. Initially funded at \$100 million, the Governor has provided \$300 million each of the last three years. Districts have considerable flexibility in the use of the funds. Colleges report their use of PFE funds and their progress on each measure to the Chancellor's Office, which issues annual reports to the Governor and Legislature.

The PFE legislation specified that for the first three years funds were to be distributed to districts based on full-time equivalent student enrollments (FTES). The Board of Governors was to develop a contingent funding mechanism that could be implemented to link allocations to district performance if, after three years, the Board determined that the system was not making sufficient progress toward the goals. The Board has chosen not to activate the contingent funding mechanism, arguing that the system has been making satisfactory progress. Observers report that neither the Board nor legislators want to take the political risk of implementing the contingent funding plan, preferring a predictable and stable FTES share to a performance-based competition in which individual districts could lose funding.

PFE has been commended for bringing needed funds into the system, although system officials claim that PFE has not been fully funded. Campuses where the local allocation processes have been seen as fair are generally pleased with PFE. System wide faculty leaders have criticized the program. They argue that by rewarding degrees and grades awarded, it pressures faculty to inflate grades. They also express concern that any distribution of funds based on students' performance would exacerbate educational inequality. Faculty are critical of the reliance on quantitative indicators and the exclusion of faculty and administrators from the development of the performance measures.

In their analysis of the 2002/03 Budget Bill, the Legislative Analyst's Office (LAO) recommended that PFE be terminated or revised. The LAO contends that PFE has, in effect, become another categorical program and does not allocate funds based on performance. The LAO also maintains that setting specific targets is

arbitrary and controversial and that tracking annual trends is more useful than assessing progress toward goals that may not be ambitious enough. It notes that the potential to reward performance has been eroded by the Governor's use of PFE funds to supplant General Funds to accommodate budget shortfalls.

Summary: PFE as Accountability

Virtually no one in the capital community views PFE as an accountability device. One respondent said that even the Governor now sees PFE as just another source of funding. The categorical approach has encouraged an unfortunate mindset among legislators that the PFE funds (rather than *all* funds) buy the performance improvements in the specified areas. This has led to tracking, questioning, and restricting the use of PFE funds by category—precisely the opposite of the flexibility that is supposed to accompany increased accountability. This perceived micromanagement has eroded campus support. Continuing disputes about the measures prevent the data from answering key questions. No one questions the performance areas, however, which are viewed as reasonable goals that reflect the mission of the community colleges.

UC Partnership with the Governor

The Partnership is the second iteration of long-term funding agreements with the UC that began with the Wilson Administration's "Compact" for budget years 1995/96 through 1998/99. It was proposed in Governor Davis' 1999/2000 Budget and was formalized in May, 2000. Under the Partnership, the Governor commits to provide annual 4 percent undesignated base increases, an additional 1 percent annual increase for specified needs, plus funds for enrollment growth, capital needs, and high-priority initiatives. In return for that commitment, UC commits to be

accountable for meeting selected objectives.

In the parlance of accountability, the Partnership is best characterized as “performance reporting” as opposed to “performance budgeting” because long-term funding commitments were not made contingent on particular levels of performance. Several respondents confirmed that during negotiations on the Partnership, the issues of (1) what would constitute acceptable performance for the receipt of the agreed-upon funding, (2) what would be the consequence of performance below acceptable levels, or (3) what changes, if any, in performance expectations would accompany a downturn in state funding, were never explicitly discussed.

Like the PFE, the Partnership was developed principally to provide funding stability—not accountability. The performance reporting provisions were included to make the financial provisions politically acceptable. That this is not principally about accountability is clear in the design of the “indicators” and “measures” – neither of which looks like what typically passes for indicators or measures.

The Partnership is based on a set of eight principal “commitments”:

1. Commitment to Improving Access to Quality Undergraduate Education
2. Improving Integration and Coordination within California’s Education System
3. Meeting Teacher Demand and Improving the Quality of Teacher Preparation
4. Productivity Improvements
5. Regional Cooperation
6. Efficient Use of Existing Campuses and Facilities
7. Maintaining California’s Competitiveness
8. Improving the Academic Experience

Within these eight areas are 22 objectives; each objective includes an “indicator” and “performance data.” Here is where the system fails as an accountability tool. As the recent Bureau of State Audits report noted, only 9 of the

22 objectives are worded such that performance gains could be identified. We disagree with the Bureau report in that we do not favor setting specific numeric targets against which performance can be judged to have succeeded or not. But we do believe that a performance indicator should be something measurable and that performance data should provide the values for the agreed-on indicators. In the Partnership, however, “indicators” tend to be vague statements of intent and “performance data” are references to no fewer than 12 major annual reports.

Here are a few examples of the objective/indicator/performance data set:

Objective:	Ensure access under the Master Plan
Indicator:	Maintain commitment to accept all eligible California high school graduates who wish to attend. To accommodate projected annual enrollment growth of about 3%, or 5,000 students per year, examine a range of options including, but not limited to, adjustments to current long-range development plans, more intensive use of facilities during the summer, and the development of off-campus centers.
Performance data:	Continue to provide a student outcomes report in October each year. Include in this report admissions and enrollment data.
Objective:	Reduce barriers to students transferring among segments. Work with CCCs to ensure the ease of the transfer function and expand course transferability.
Indicator:	Maintain current programs that provide, for example, transfer-specific training for CCC counselors, transfer agreements, and increased access to transfer information.
Performance data:	Include in the annual report on CCC transfers information on improving access to information about transfer.
Objective:	Provide competitive faculty salaries
Indicator:	Continue to maintain commitment to provide competitive faculty salaries using the CPEC methodology.
Performance data:	Continue to report annual report to CPEC on faculty salaries.

Use of language such as “continue to,” “work with,” and “maintain commitment” are descriptions of activities and intentions that tell the reader little to nothing about actual performance toward these key policy objectives.

The Partnership agreement, as posted on the UC web site from which these examples were taken, includes references to 12 major reports for performance data, and to many individual report components within these 12 reports. Given this volume of performance information, it is no wonder that we heard comments from legislative staff like “they try to overwhelm us with information” and “there is no comprehensive information source—it’s piecemeal” and “no one reads the information generated by the Partnership” and “it’s been a nightmare to get information on....” However worthy the Partnership objectives, and however diligent the UC efforts to prepare the cited reports, the presentation of the Partnership information in such non-specific and information-heavy ways renders it practically useless as an accountability tool for state policy makers.

The Partnership serves the interests of the UC far better than those of the Legislature (which, admittedly, it was not designed to serve). It simplifies UC’s annual budget negotiations with the Governor and provides budget stability. The Partnership’s eight performance areas have proven useful to the system-wide administration as a way to organize its conversations with campuses about funding and accountability. However, without legislative buy-in to the Partnership goals, UC is vulnerable to the introduction of “member issues” and other legislative concerns. Although a UC representative noted that it is much easier to negotiate with one Governor than with “120 different people who change every two years,” he said it would be nice to have the Governor and the Legislature on the same page so that the system could focus on one set of priorities.

In addition to the principal shortcoming of information overload, the

Partnership also suffers, according to many legislative staffers, from the lack of consequences for performance. Although UC maintains that they are obligated to *perform*, not just to *report on* performance, there are no provisions for imposing consequences for either high or low performance. The Partnership is silent on who reviews the information and what standards are used to base funding decisions on performance. Finally, there is no provision for adjusting performance expectations if funding commitments are not kept by the State.

Summary: UC Partnership as Accountability

The Partnership with the Governor, while fulfilling some Executive branch needs, provides budget stability but little accountability. Legislative engagement with Partnership data is virtually non-existent and the Governor's use of the data is unclear. No one can explain what is supposed to occur if performance exceeds or falls short of expectations or when the state fails to meet its funding commitment. UC spends valuable time preparing reports that are not read. Member interests may force other issues ahead of Partnership issues in priority. According to several respondents, the Partnership is a symbolic "feel good" measure that allows members to act as if they are making decisions wisely and allows UC to claim it is being accountable.

CSU Partnership with the Governor

The CSU Partnership was negotiated with the UC Partnership and has the same basic structure: the Governor committed to a 4 percent annual undesignated General Fund increase, an additional 1 percent annual increase to eliminate shortfalls in specified areas, plus funding for annual enrollment growth and new initiatives. In return, CSU committed to a number of performance objectives. Performance

information is provided in an annual report to the Governor, made available as well to the Legislature.

The CSU Partnership shares many of the strengths and weaknesses of the UC Partnership. Its strengths are the delineation of key priorities, budget stability, and the generation of information of potential use in decision making. Its weaknesses include the lack of standards and consequences for acceptable performance and the silence on how to deal with reduced state funding levels. Moreover, without legislative buy-in, there is no guarantee that the CSU can focus on this set of priorities without legislative interference.

The CSU Partnership, at least as implemented through the “Annual Partnership Report,” appears to generate more useful performance information than does the UC Partnership. The format of the report is concise and explicit. It begins with five performance categories, similar to UC’s eight “principal commitments”:

- Improving Access and the Transition to High School and College
- Improving the Quality of Teacher Preparation and Demand
- Improving Transfer and Articulation
- Improving Institutional Productivity and Efficiency
- Improving the Academic Experience

Similar to the UC’s 22 objectives, the CSU Partnership report includes 18 objectives spread across the five performance categories, such as increasing credentialed teachers and improving student preparation. However, at this point the two Partnerships diverge. Whereas the UC Partnership “summarizes” performance information in a 17-page table that refers to a multitude of reports, for CSU there is a simple four-page table that displays each objective along with its status and related comments. Three examples follow:

Measure	Status	Comments
Improving student preparation	Significant progress	Efforts more focused; nearly doubled the number of elementary students served, compared to last year.
Streamlining graduation unit requirements	Progress	Two-thirds of all bachelor degree majors now can be completed within 120 semester units. In January campuses will report about actions taken regarding programs requiring more than 120 total semester units
Increasing Teacher Credentialing Requirements	Current progress within reach of 2003 goal	20 out of 21 CSU campuses are at 90% pass rate on RICA exam; well on track for 21/21 by 2003

Following the tabular summary is a report with 1-2 pages on each of the 18 objectives providing more detail on performance measures and status. Our point is merely that this is a good presentation of performance data that helps make it accessible to the policy community. We make no judgment here about the appropriateness of the individual objectives, the characterization of progress, or the validity of the data presented.

CSU Internal Accountability Process

CSU has a separate internal accountability process that stemmed from the 1998 “Cornerstones Report.” The purpose of this process is to ensure public accountability through the Board of Trustees. The process is based on ten performance areas, for which standard data are reported for each campus. The Chancellor’s Office compiles an annual report for the Board. There are three principal differences between the internal process and the Partnership with the Governor:

- (1) The reviewing authority for the internal process is the Board of Trustees, not the Governor. This should influence the kinds of information collected since the Board and the Governor have different functions with respect to governing the system.

- (2) The performance data are provided for each campus rather than the system as a whole. This is appropriate because it gives the Trustees and the Chancellor the information to make changes at individual campuses to address identified problems.
- (3) Information is included on academic program quality at each campus. In Chapter 1 we advise against monitoring academic program quality in a state-level accountability system. Doing so in an internal accountability system, however, provides a means by which issues of student learning and program quality can be addressed by those in positions to make a difference.

The internal accountability process was adopted prior to the Partnership agreement and is based on a different set of priorities with only some overlap. The Chancellor's Office has expressed interest in aligning the two so that the highest priority goals are included in each.

Summary of CSU Accountability: Partnership and Internal Process

As a tool for accountability, the Partnership has the same shortcomings already noted for the UC Partnership: lack of legislative engagement, absence of standards of performance, no guidelines for using performance data, and no provision for under-funding. Absent these features, the accountability realized through the Partnership is more symbolic than actual. The CSU approach, including the internal process, does provide a model for the presentation of performance data and for the proper division of labor in a nested system of accountability that includes both state-driven and system-driven processes.

CPEC Performance Indicator Report

Legislation enacted in 1991 (AB 1808, Hayden) requires CPEC to prepare an annual report on performance indicators for California higher education. Intent language reveals a focus on “demonstrable improvements in student knowledge, capacities, and skills between entrance and graduation....” The report includes information on population context, fiscal context, student preparation, student

access, and student outcomes.

The introduction to the current report notes the difficulty CPEC has encountered in seeking valid measures that are “comparable across systems” and that reflect the “breadth and complexity” of California higher education. It also laments the absence of measures that “provide consistent information about student learning and student satisfaction across campuses or across systems.” With these caveats, the report provides summary data in each category followed by 90 pages of data (mostly graphs and charts) with no analysis or conclusions. Much of the data describe inputs and characteristics (e.g., enrollment, finances) rather than performance. There is no overall context, or set of questions, for which the data can be used to provide answers.

Summary: CPEC Performance Indicator Report as Accountability

This report, although comprehensive and well presented, is not an effective tool of accountability for the performance of higher education in the state. It is too long and does not present data in the context of state-level policy questions. It is not focused on outcomes. It provides very little analysis or interpretation of the data, i.e., are the numbers good or bad in the context of what other states accomplish or what the state needs?

A major shortcoming is its segmental approach to accountability. For most of the indicators, separate data are presented for each segment. This institution-specific focus is useful to answer certain questions, but it misses the opportunity to ask and answer questions about how well the state’s system of higher education is meeting the educational needs of its citizens. There is nothing sacred about the institutional design that we have, however well it has been received since its inception. It is

incumbent upon state policy makers to examine the performance of the postsecondary enterprise as well as of each individual institution so that questions of appropriate institutional design and governance are at least being asked.

Far more important than knowing, for example, first-time freshman enrollment at CSU by racial/ethnic group is to know how first-time freshmen beginning in each of the segments ultimately fare in degree completion. We may find, consistent with national findings, that Latinos enroll in large numbers but do not attain baccalaureate degrees at the rates of other segments of the population. As another example, instead of tracking the number of masters degrees by discipline at UC, we should be asking whether CSU and UC are producing enough graduates to sustain the California economy, whether qualified students from different racial/ethnic groups have equal access to these programs, and whether graduates of these programs are equipped for the workplace.

Summary of Current Approaches to Accountability in California

Each of the three Partnerships has identified a relatively small set of priorities, or fundamental policy goals, that are reflective of the missions of each institution. These goals are well accepted by the policy community. This is a strength on which efforts to construct an accountability framework could build. Together, however, the Partnerships and the CPEC report do not form an accountability system by which policy makers and educators can track progress toward key state priorities.

Shortcomings include:

(1) Lack of coordination and state policy context. Each Partnership has its own set of goals. There is no guarantee that if each meets its goals, the state will fulfill public purposes. The CPEC report also takes a segment-by-segment

approach. Fundamental questions about state-level performance in meeting the postsecondary education needs of citizens are not being addressed.

(2) Lack of consensus on performance measures. The consensus around the Partnerships' broad goals does not extend to consensus over how performance should be measured. In some cases there are disagreements over the choice of measure; in others there are no measures but just reports. Many interviewees registered complaints about Partnership information and only one person acknowledged reading it.

(3) Absence of Legislative role in four-year Partnerships. We encountered strong opinions about the lack of legislative role in the Partnerships with the four-year segments. Many "resented" their exclusion and argued that they were invited to sign on to a "done deal." Some suggested that the legislative role in budget hearings compensates for the lack of official role in the Partnerships. But others said that legislative budget hearings largely ignore the Partnerships, as members choose to focus on other issues. Describing the scheduled session at the start of budget hearings devoted to Partnership goals, one observer said, "It's not an actual review of Partnership data but just the segments saying 'we have the Partnership, we've demonstrated we're accountable, and we have been working hard to meet the goals.'" For their part, segment representatives acknowledged the difficulty of having to respond to different audiences that are not "on the same page."

(4) Uncertain commitments and consequences. The UC/CSU Partnerships are silent on the consequences of lack of performance or under-funding. This troubles members and staff who believe that accountability works only if

consequences are clear. The PFE has avoided consequences by maintaining the FTES allocation formula. Said one staffer: “all three Partnerships are just a way to get more money to the segments—they are not accountability.”

(5) One-way Accountability. The Partnerships operationalize accountability as one-way: segments are accountable to the higher authorities of the Governor and the Legislature. Newer conceptions of accountability, however, stress the importance of cooperation and mutual commitment. A faculty interviewee reported “a lot of resentment on campus about the one-way accountability.” Although it is impossible for the Governor or the Legislature to be accountable for a set funding level, it is possible (if not likely) that they could be accountable for policy consistency, particularly if both branches were party to the accountability plan. By “policy consistency” we mean that a stable set of priorities would prevail and the segments would not be vulnerable to diversion by “member issues” or “sore point measures.” Any effort by the Legislature to hold itself accountable for policy consistency would help earn support for the accountability effort itself.

Recommendations of the Joint Committee to Develop a Master Plan

We began the discussion of California trends with a critique of the culture of complacency attributed to the popularity of the original Master Plan. It is fitting to end with a brief discussion of the accountability recommendations of the Joint Committee.

In our judgment, the committee’s recommendations are seriously flawed by the urge to replicate in higher education the content-based learning outcomes assessment of K-12. This is a surprising direction in light of the report’s comment about the key difference between postsecondary education and K-12:

“There is no common body of knowledge for which consensus exists about what is expected to be taught to every student enrolled in a public college or university” (p. 85).

Yet, the report goes on to state that one of the two primary weaknesses of the Partnership agreements is that “they have failed to include any measures of student learning” (p. 87). (We agree that the other weakness is that they have not been widely reported and discussed.) It aims to remove this weakness by recommending a focus on progress “in our efforts to measure student achievement in a common body of knowledge taught by all postsecondary education institutions....” (p. 88).

The report recommends that all institutions be required to submit information on student achievement in “common academic content areas” as well as for undergraduate and graduate subject matter areas. It recognizes that faculty need to establish competencies in these areas, but it fully intends for this range of information to be incorporated into the state “integrated accountability system” (p.114).

We believe that the committee is trying to accomplish too much in a state-level accountability system. It is suggesting that one system of state-level accountability can (1) assess student learning in General Education and all content areas, both undergraduate and graduate, (2) provide information to assist consumers in making informed decisions about postsecondary attendance, (3) assist institutions in their efforts to achieve continuous improvement, and (4) monitor how well institutional outcomes reflect state priorities. In our view, only the latter can and should be attempted by a system of state-level accountability to the Governor and the Legislature.

Internal system accountability processes that are coordinated with the state

accountability process can more directly assist with continuous improvement at the institutional level. Other means such as campus web sites and institutional report cards are better suited to consumer information needs. And assessment of student learning should be handled through campus-based program review processes and accreditation. The state's role in monitoring student learning outcomes should be limited to holding the three systems accountable to demonstrate that their internal processes of program review and assessment have integrity, identify problems where they exist, and stimulate improvements as needed.

If we insist, as the committee recommendations do, that higher education follow the K-12 model of defining outcomes in terms of learning common content, we will not only take on more than can be done at the state level, but we will likely lose the support of the education community, which could threaten the prospects for success.

3. WHAT IS THE EVIDENCE FROM OTHER STATES AND NATIONALLY?

This chapter summarizes some efforts of other states as well as a variety of national projects aimed at improving accountability in higher education. The first section describes several regional, national, and international initiatives related to developing and evaluating accountability systems. The second section reviews the efforts to assess student learning as a key indicator of higher education performance. In the final section, we describe the efforts of other states related to higher education accountability, efforts that can be used to guide California policy makers in designing a statewide system of accountability.

National Accountability Initiatives

There are a number of initiatives across the country aimed at developing, evaluating, and improving accountability systems for higher education. These projects are sponsored by a variety of organizations, including universities, research and policy institutes, and higher education associations. They are aimed at producing information useful to state policy makers and higher education leaders in designing policies and programs to improve the outcomes of higher education.

Western Interstate Commission for Higher Education

The Western Interstate Commission for Higher Education (WICHE) has several programs focused on higher education accountability in its fifteen member states. In November, 2001, WICHE sponsored a policy forum on the evolution of performance measures, the negotiation of accountability structures between legislatures and institutions, assessment of student learning, and the costs of accountability. Forum participants discussed a number of principles for building

effective state accountability systems, including:

- focus on improvement;
- have a specific limited agenda;
- monitor progress with frequent, credible indicators;
- ensure that incentives are placed on the most valued performance, and that both intrinsic and extrinsic incentives are used;
- include all stakeholders in the process; and
- budget for accountability costs such as data systems and surveys.

WICHE produces an annual publication titled *Policy Indicators for Higher Education: WICHE States*, which reports state-level performance indicators on student preparation, access, affordability, and student progression (WICHE, 2002). Additional indicators relate to the fiscal, economic, and social context of the states.

Southern Regional Education Board

As with WICHE in the West, the Southern Regional Education Board (SREB) works with its sixteen member states on accountability efforts. In 1988 its Educational Benchmarks 2000 project set a goal that the quality and effectiveness of colleges and universities would be regularly assessed, with the results of the assessments widely reported to policy makers and the public (SREB, 2000). When that goal was established, no southern states issued comprehensive reports on higher education performance. Today most member states issue annual reports summarizing performance on indicators designed to address the following questions:

- How good are the programs offered by higher education?
- Is higher education using its resources efficiently?
- How well are entering students prepared for college?
- What happens to students who enroll in college?
- What do college students know and what can they do?
- How is higher education helping the state to respond to changing social and economic conditions?

While the SREB frames the performance questions as they relate to overall state

policy goals, many states have implemented accountability systems that focus on answering those questions at the institution level.

State Higher Education Executive Officers

Since the early 1990s, the State Higher Education Executive Officers (SHEEO) organization has tracked the efforts of states to monitor the performance of their higher education systems. In 1997, SHEEO conducted a survey of state higher education coordinating agencies and governing boards to determine the prevalence of performance reporting in higher education (Christal, 1998).

According to the survey results, 37 states were using performance measures in some way, more than double the number of states with such efforts in the early 1990s.

SHEEO has also published a number of other reports on accountability, and provides links to state accountability reports on its website (see www.sheeo.org/account/acct-reports.htm).

“Measuring Up”

In 2000, the National Center for Public Policy and Higher Education (NCPPE) initiated a bi-annual report that grades all 50 states on the performance of their higher education systems (NCPPE, 2000). In its “Measuring Up 2000” report the Center issued grades in six categories: preparation, participation, affordability, completion, benefits and learning. The Center’s report and data are intended to push states to create their own plans for improving performance. “Measuring Up 2002” grades states on the same six dimensions, and outlines changes in performance over the two-year period between the reports (NCPPE, 2002).

The report card uses data that are collected regularly by public sources such as the Census Bureau and the U.S. Department of Education for all states. The

Center identified several performance indicators for each of the six dimensions and assigned weights to each indicator based on its importance to overall performance in the category. For each indicator, performance was indexed to the top five states, with the median of those scores used to represent a perfect score of 100. The scores were converted to letter grades.

California received the following grades in the two reports:

	2000 Report	2002 Report
Preparation	C-	C-
Participation	B+	B+
Affordability	A	A
Completion	C	C+
Benefits	B+	A-
Learning	I	I

Appendix 3 provides details about the categories and California’s grades.

“Measuring Up” has some limitations as an instrument for accountability. Most importantly, it uses aggregate state-level data, which can mask important variations across a state as diverse as California. As in most report cards, the performance indicators are primarily input, process and output measures. The entire “preparation” and “participation” dimensions can be viewed as inputs to higher education. Likewise, “affordability” reflects the processes of a state’s higher education system, while “completion” measures the output. The “benefits” and “learning” dimensions attempt to evaluate higher education outcomes, but without much success. The “benefits” grade is only indirectly related to each state’s institutions because it measures educational attainment of the adult population without regard to place of education. All states received an “incomplete” for “learning” because no reliable performance indicators are available to assess student

learning across states. In spite of its limitations, the report has met its intended goal of encouraging policy makers to examine the performance of their higher education systems, and consider how state policy can be used to improve outcomes.

National Center for Higher Education Management Systems

The National Center for Higher Education Management Systems (NCHEMS) is developing the *National Information Center for Higher Education Policymaking and Analysis* – an information infrastructure for statewide policy making (NCHEMS, 2002). The eventual product will be a “super-information” website for higher education data and information. The data sets will be keyed to the framework in the “Measuring Up” reports, augmented by indicators on higher education finance and other issues not covered in the report card. NCHEMS will gather data from multiple sources on: preparation for college; transition from high school to college; college participation and completion; transition from college to work; benefits of higher education; and higher education finance. The data are intended for state policy makers, and will allow for comparisons and benchmarking at the regional, state, and possibly the county, levels. NCHEMS plans to develop new data sources where gaps exist, including the areas of collegiate student learning, the cost effectiveness of higher education, and the adequacy of institutional financing.

Summary

These initiatives demonstrate a growing interest in accountability, defined primarily as performance in relation to overall state policy goals. While some of the initiatives include analysis of performance at the level of the institution, most reflect the principle that accountability should be at the state level, with the goal of providing information useful to state policy makers in designing policies to improve

overall higher education performance as it relates to key statewide priorities.

Assessment of Student Learning

As noted in Chapter 1, the concepts of assessment and accountability in higher education have become intertwined. Student learning is certainly the core goal of any educational enterprise and assessing student learning is an important part of accountability. But the hard work of learning outcomes assessment should occur at the department and campus levels and the state's role should be to hold institutions accountable to demonstrate that their internal assessment processes have integrity, identify problems where they exist, and stimulate improvements as needed.

Some states have tried to incorporate direct measures of student learning into state-level accountability systems. Others are working toward this goal. Regardless of where learning outcomes assessment is carried out, better measures are sorely needed. The following is a summary of efforts underway to develop and implement valid and acceptable measures of student learning at the postsecondary level.

National Governor's Association

The National Governor's Association (NGA) Center for Best Practices has described student learning assessment as the most critical accountability measure. NGA outlines a strategy for implementing "value-added" assessment that would measure the change in students' capabilities and knowledge as a consequence of their education at a particular institution (Hersh & Benjamin, 2001). NGA believes this approach would provide feedback to students, and could be a catalyst for continuous institutional improvement and improvement of state policy. The four phases of developing such a system are:

- Experimentation, incentives and rewards: the state provides incentives and rewards to institutions and faculty for developing and experimenting with value-added measures of student learning
- Development and diffusion: the state assists with efforts to disseminate information about best practices in value-added measures, and begins a statewide conversation about the standards appropriate to each institution's mission
- Comprehensive system development and implementation: well-defined outcomes of general education and specific programs, and performance measures of those outcomes, are agreed to across the state higher education system
- Use of value-added data to support state policy: the state uses the data on student learning to craft better state policies related to quality, cost, accountability and productivity

The NGA report cautions that a value-added assessment system will require “a radical cultural shift in higher education, a great deal of time, effort, cooperation, risk-taking and funding” (p. 9). The organization is cooperating in a project on learning assessment being conducted by the RAND Corporation.

RAND Council for Aid to Education

The Value-Added Assessment Initiative of the Council for Aid to Education was initiated in 2000 with funding from a number of foundations (see www.cae.org/value_added.html). Its goals are to:

- Develop, test and evaluate value-added measures;
- Adapt measures for use by institutions and systems;
- Evaluate the value-added of liberal arts education;
- Evaluate and compare the value-added of different types of institutions/programs;
- Evaluate value-added assessment to improve the access and retention of underrepresented students; and
- Develop exit standards for baccalaureate degrees.

Some new measures of student learning and achievement have been developed and

are being piloted in a number of institutions across the nation.

The Pew Projects on Undergraduate Learning

Inspired by the message of the “Measuring Up 2000” report that critical information on student learning is lacking, the Pew Charitable Trusts sponsored a Forum on College-Level Learning in November 2001. The efforts of that Forum continue through Pew sponsorship of an on-going initiative to: (1) encourage colleges and universities to take responsibility for helping undergraduates achieve measurable learning outcomes and (2) make what colleges and universities contribute to learning an important factor in the decisions of the marketplace, in state and federal policy, and in the academic peer review process (see www.pewundergradforum.org). The Forum serves as an umbrella for a number of Pew-sponsored initiatives and projects including, among others, the:

- Association of American Colleges and Universities Greater Expectations Project, designed to articulate and disseminate the outcomes that should emerge from a college education, and to identify practices that foster these outcomes;
- Georgia State University Foundation Quality in Undergraduate Education Project, working to develop discipline-based performance standards and assessments for college graduation and transfer;
- League for Innovation in the Community Colleges 21st Century Skills Project, a demonstration project involving 16 community colleges working to define, develop and disseminate outcomes-based learning and assessment models for community colleges; and
- Western Association of Schools and Colleges (WASC) Restructuring Institutional Accreditation Project, an attempt to redesign accreditation practices to focus directly on student learning and educational effectiveness.

American Association for Higher Education (AAHE)

AAHE sponsors an Assessment Forum on ensuring quality in higher

education, primarily through improvement in student learning (see www.aahe.org/assessment). Their annual assessment conference and assessment workshops give accreditation practitioners and institutional leaders the opportunity to learn about assessing learning outcomes and using the results of those assessments to improve institutional planning, decision making and teaching methods.

In addition, AAHE has joined with the National Survey of Student Engagement (NSSE) to launch an initiative to discover and document the programs, policies and practices of high-performing colleges and universities (see www.iub.edu/~nsse/html/deep/main.htm). Researchers for the Documenting Effective Educational Practices (DEEP) Project will examine the practices of 20 colleges and universities over the next two years. They will select institutions that demonstrate better-than-predicted performance on the NSSE and higher-than-predicted graduation rates. In-depth analyses of the policies and programs of these institutions will attempt to provide information on effective practices for improving student outcomes.

National Center for Postsecondary Improvement

The National Center for Postsecondary Improvement (NCPI) at Stanford University is conducting research on the assessment of student learning as a means to provide accountability to policy makers and improve teaching and learning (see www.stanford.edu/group/ncpi/documents/pdfs/project5.pdf). NCPI has concluded that states are increasingly adopting statewide assessment programs with four primary objectives: regulation, reform, quality assurance and accountability (Nettles & Cole, 1999). NCPI is conducting case studies of states to learn about the relationship between state-level assessment programs and the improvement of

teaching and learning. The objective is to develop practical assessment policy models for state policy makers to use to design legislation related to higher education assessment and accountability.

Summary

National initiatives related to the assessment of student learning are gradually producing information useful to administrators and faculty in improving teaching and learning in the postsecondary environment. These efforts are years away from creating instruments that could reliably assess college-level learning across institutions or states. At present, assessment data are site-specific and qualitative. Policy makers will have to be patient and accepting of two next-best alternatives: proxy measures such as surveys of graduates and employers about the quality of learning, and process measures whereby institutional leaders account for how their institutions are addressing program quality and assessment in a principled manner.

State Accountability Efforts

Different Approaches

According to the most recent survey conducted by the Rockefeller Institute for Government, 45 states have some form of accountability program for higher education (Burke & Minassians, 2002). Programs differ according to how they originated, their intended audiences, and how closely, if at all, results are linked to the budget process.

Origin of Programs

Some of the earliest state accountability programs were mandated by legislation, with little or no consultation with system or campus officials. State legislatures, concerned with postsecondary outcomes and ensuring efficient use of

public funds, developed the goals, determined the consequences for performance, and even prescribed the indicators. Numerous researchers have concluded that prescribed accountability programs are less effective (Wellman, 2002; Nettles & Cole, 1999; Atkinson-Grosjean & Grosjean, 2000; Zumeta, 2001). Cultivating broad support from all stakeholders, and including their concerns in the design of accountability programs, reduces the likelihood that institutions with the political ability to do so will opt out of the system. Conversely, programs voluntarily adopted and designed by campus officials may not meet the needs of policy makers. Campus leaders may be interested in using performance data to improve programs, increase student learning, enhance campus management, and attract students. Such information may fail to address broader statewide concerns about the distribution of educational opportunity and achievement or the degree to which the state's higher education system is providing a trained workforce suited to its economy.

Audience for Results

The intended audience for performance information affects the design of the system and the presentation of results. While most state accountability programs were designed for state policy makers (Ruppert, 1998b), some states also try to provide useful information for employers and for students and their families. These states intend their accountability efforts to give employers information about how the state is ensuring that workers are appropriately trained for the workplace, and to give students and their families comparative information to assist in choices about which institution to attend. States most interested in providing information to students and their families have tended to use a "report card" format, providing campus-level statistics to allow for comparison and choices among institutions.

Linking Accountability to Budgets

Accountability programs are also distinguished by the degree to which performance results are linked to the budget. In some states, an institution's funding is directly linked to its performance on accountability measures through a performance funding formula. Other states use a more flexible performance budgeting process, in which scores on performance measures are considered as one factor during budget deliberations, but there is no direct formulaic link. Other states have performance reporting programs, whereby institutions report their performance on a specified set of measures, but the results are not used to determine funding levels. Some of these programs use results on only a few key measures; others produce large volumes of data on many aspects of performance.

It is difficult to determine the number of states using each of these approaches. The latest Rockefeller Institute survey indicates that nearly 80 percent of states require some performance reporting, with growing numbers of them linking resources to results in some manner (Burke & Minassians, 2002). However, they have more recently documented a trend towards performance reporting and away from linking performance to budgets (Burke, publication pending). Wellman (2002) recently reported that approximately 10 states link their accountability systems to some kind of incentive-funding program. The difficulty in determining the degree to which states link funding to performance is likely due both to the evolving nature of states' accountability programs and to differences in definition used by those responding to the surveys.

Commonly Used Indicators

Public sector accountability efforts, generally, are moving from measures of

inputs to measures of the impact or outcomes of programs and policies. True outcome measures in higher education would examine how much students learn, how they fare in the labor market and in life as educated citizens, and how a state's investment in education affects its economy, all much more difficult to measure than inputs such as the number of students enrolled. In a review of state accountability programs, Burke and Serban (1997) report that the largest share (42%) of performance indicators in higher education are process indicators, which measure how resources are allocated and the methods used to deliver services. These measures are often seen as proxies for difficult-to-measure outcomes, or as indicators of the use of "best practices" (Zumeta, 2001). Thirteen percent of the measures are input indicators (i.e., human, financial and physical resources invested) and another 21 percent are output indicators (i.e., quantity produced, such as the number of graduates). Only 18 percent of the indicators can be classified as outcome measures. The reliance on process, input, and output measures is a reflection of states' interest in performance indicators that are readily available and easily understood.

Following is a list of commonly used performance indicators:

- College participation rates
- Graduation and retention rates
- Transfer rates
- Degrees awarded
- Faculty workload/productivity
- Alumni satisfaction surveys
- Job placement data
- License examination pass rates
- Need for remediation
- Share of high school students completing college preparatory curriculum
- State higher education appropriations per student
- Tuition and fees

- Financial aid
- Sponsored research funds received

Selected Examples

With nearly all states making some efforts in higher education accountability, it would be impossible to summarize all of the state programs in this report. We outline below a few state accountability programs to illustrate the issues California will have to consider in designing its own program. Although the states described are much smaller than California, they were chosen to represent a variety of approaches to accountability in terms of the linkage to the budget process, the intended audience for the results, and the attempt to measure student learning. The issues and problems encountered by these states in designing and implementing an accountability system could be expected to be magnified in a state as large and complex as California.

South Carolina

South Carolina's accountability program was initially described as "ambitious" and "groundbreaking," as well as "unwise, unfair and unworkable" (Schmidt, 1997). The program, imposed by the Legislature in 1996, was designed to fund the state's higher education system entirely on the basis of performance. The program was met with a groundswell of opposition in the academic community, which feared that budgets would be determined by the formulaic application of invalid measures of performance.

The legislation outlined 37 criteria for judging performance, and assigned to the state's Commission on Higher Education (CHE) the task of devising a formula for converting performance on these measures into budget allocations for each

public institution. The formula used national comparisons to similar institutions to determine an institution's 'potential funding'; the institutions were to receive a percentage of this amount based on their scores on the performance indicators. For example, an institution that scored 90 percent of its potential score would receive 90 percent of its potential funding for the year. All performance indicators were weighted the same due to significant controversy over attempts to develop alternative weighting schemes.

The performance indicators are organized into nine "critical success factors": mission focus; quality of faculty; instructional quality; institutional cooperation and collaboration; administrative efficiency; admissions requirements; graduates' achievements; user-friendliness of the institution; and research funding. Most of the 37 indicators are input or process measures, with fewer measures of output or outcomes. The specific indicators generated substantial negative reaction among higher education leaders, who argued that many did not reflect educational quality or respect unique missions (Burke & Serban, 1998). Academic leaders contended that the indicators introduced contradictory incentives; for example, institutions would be evaluated based on both access for underrepresented students and SAT scores (Schmidt, 1997). The CHE responded to these criticisms by simplifying the scoring system, reducing contradictory incentives, modifying the targets, and recommending a pool of remedial funds for institutions with particular challenges to improved performance (Zumeta, 2001).

Although the law called for 100 percent of funding to be tied to performance, only about 3 percent of state higher education funds were ever distributed based on

the indicators, and no institution experienced an overall decline due to failure to meet standards. The political will to impose negative consequences on politically influential institutions was simply not there. Assessments of the success of South Carolina's program vary. Academic leaders complain that the state has inserted itself into areas that should be the purview of colleges and universities, that institution officials now waste valuable time "chasing" performance scores, and that the state is not providing enough funding to reward institutions appropriately for improved performance. Legislators and others in the policy community, however, generally feel that the program is working well, even if it does not have quite the force the original law intended. They argue that institutions have been forced to examine their practices and policies in light of the program's incentive structures. An evaluation by the state's Legislative Audit Council concluded that the new system had little effect on institutions' budgets (Schmidt, 2001).

South Carolina's experience offers a cautionary tale for other states. The program was initially met with much rancor and confusion, and it has never been implemented as legislators originally intended. The program has allocated only a small share of funding based on performance, and it has undergone significant modifications to change both the number and nature of performance measures. For 2002/03, the state based a share of higher education funding on only 14 of the original 37 indicators, focusing on those most representative of institutional and sector missions. California policy makers should conclude from this example that performance funding is fraught with unintended and negative consequences, and that any program that is imposed by legislators without significant contribution and

support from the academic community is unlikely to succeed.

Kentucky

Initially, a former governor of Kentucky attempted to establish a performance funding program, but clashes between state and campus interests scuttled the effort in spite of the relatively small amount of funding involved (Burke & Serban, 1998). The current governor instead signed into law the Postsecondary Education Improvement Act of 1997, which directed the state's coordinating agency, the Council on Postsecondary Education, to oversee efforts to reform and improve higher education in the state. The program uses incentive funding rather than funding for performance. For example, the "Bucks for Brains" incentive fund was established to allow Kentucky campuses to attract top scholars, endow new faculty chairs, and increase funding for graduate students (Trombley, 2000). Spending on higher education has increased substantially in recent years, rising to a higher share of General Fund resources than in most states. The substantial resources devoted reflect the importance state officials place on improving higher education and increasing the educational level of the state's citizens.

The Kentucky accountability system uses five "key indicators" to measure its progress: (1) preparation for college; (2) college enrollment; (3) retention and graduation; (4) preparation of graduates for work and civic life; and (5) benefits to the state's economy. Specific performance indicators are monitored in each area and statewide goals have been established for each indicator. Considerable progress has been made on many of the indicators, although many of the problems that prompted the reforms persist.

One aspect of the program known as "benchmark budgeting" has been

particularly controversial (Trombley, 2000). This approach bases each institution's budget on the budgets of similar schools across the country. Kentucky's university presidents have criticized this approach, claiming that it allows favoritism by the Council on Postsecondary Education and the governor. Historically, presidents have wielded considerable power by appealing directly to allies in the legislature, a particularly effective approach in a citizen legislature with members who work for public universities. While the governor has successfully implemented his budget reforms, there is some concern that the negative feelings engendered during the budget battle may impede progress on Kentucky's ambitious goals for improvement in higher education.

In spite of those concerns, Kentucky has garnered national attention for the progress it has made, both over time and compared to other states. The "Measuring Up 2002" report acknowledges Kentucky as one of only two states that improved its performance on all five dimensions, although that improvement is not always reflected in higher grades due to the report's method of comparing among the states. Because of its efforts to collect and make available more data on its higher education performance, the "Measuring Up" report used Kentucky to demonstrate how measures of student learning might be developed and incorporated into an accountability system.

The lesson that Californians can draw from the Kentucky experience is that a major benefit of a statewide accountability system is that it encourages policy makers to set priorities and it provides a framework for acting on priorities. Any performance gains occurring in Kentucky are more likely due to the increased

attention and funding than to the specific design of accountability. But it was the commitment to an accountability system and the priorities it entailed that set the stage for more attention and more funding.

Virginia

The State Council for Higher Education in Virginia (SCHEV) initiated an accountability system in 1999, which was signed into law in 2000. Although the former governor proposed a performance funding model, the model passed by the General Assembly includes no provision for tying funding to performance. The annual Reports of Institutional Effectiveness (ROIE) for each institution provide a profile of the institution, scores on 14 system-wide performance measures and data selected by each college or university as being important to evaluate the institution. Several of the measures are benchmarked against state standards or, where standards do not exist, against the performance of peer institutions within or outside of Virginia. Data for the state's community colleges are presented for the whole system, rather than for each institution. SCHEV develops the report for each institution with the cooperation of campus staff, primarily using existing data already collected for federal reporting, accreditation or other purposes. No statewide summary of higher education performance has been published.

The second annual reports, published in 2002, include assessments of student learning in two areas – written communications and technology/information literacy. These “core competency assessments” are intended to measure the extent to which students are meeting the expectations for learning established by each institution. In recognition of their individual missions, each institution established a definition for the two core competency areas, defined expected standards, and developed a method

for comparing students' performance to those standards. Additional core competency assessments will be developed for future reports.

While the performance measurement programs in South Carolina and Kentucky are primarily intended to provide accountability to state policy makers, Virginia's program is aimed at a broader audience. The ROIE reports are intended for use by students, parents, employers, and the faculty and staff of the institutions. SCHEV wants the reports used for institutional improvement, accountability and informed decision-making. SCHEV is currently using focus groups with these various stakeholders to evaluate the effectiveness of the ROIE. It remains to be seen whether the evaluations will indicate success in meeting the disparate needs of these various constituencies.

Although Virginia's program is too new to yield conclusive lessons for California, it raises two important design issues. First, it incorporates some assessment of student learning—limited to two core areas and defined differently for each institution. Second, it incorporates a mix of performance and institutional profile data in the attempt to serve mixed audiences. Since both of these design choices are contrary to what we recommend, it will be useful to follow the upcoming evaluations of the program.

Summary

The efforts of South Carolina, Kentucky and Virginia illustrate some of the different approaches states have taken in designing accountability programs. South Carolina attempted the most explicit tie between performance and funding of any state, although these efforts have been scaled back tremendously. Kentucky designed a looser connection between performance and funding, establishing pools

of incentive funds for specific categories of performance. Virginia uses no performance funding, although policy makers have debated creating Institutional Performance Agreements in which institutions could expect stable and predictable state funding in exchange for adequate performance. All three expect their programs to provide information useful to state policy makers, although Virginia also includes information useful to students and their families.

The experiences of these states illustrate the challenges of designing a statewide system of accountability. All three states encountered resistance from the academy in developing the performance measures and incorporating funding consequences for performance on those measures. All have made modifications to the programs and the indicators from one year to the next based on their experiences with implementation. While each state has touted improvements on some of the performance indicators, none has evaluated the overall impact of the accountability program on helping the state to achieve its overall goals for higher education.

Lessons Learned

Promising Approaches to Accountability

While accountability programs have been in effect for a number of years in many states, little systematic research has been conducted to evaluate their effectiveness. Only longitudinal empirical research can determine whether accountability efforts improve teaching and learning, increase efficiency and productivity in institutions, increase the responsiveness of institutions to state economic needs, or meet any of the other goals expressed by those designing the programs. Part of the problem is a lack of clarity about the intended goals of accountability systems, the targeted audiences for performance results, and the

measures to be used to address the goals in a way that is meaningful and useful for the various stakeholders.

While research on the effectiveness of accountability systems is scant, evidence suggests that policy makers designing and implementing accountability systems would be wise to consider the concerns of higher education faculty and administrators. Several studies have noted an apparent relationship between institutional response to accountability efforts and the effectiveness of the programs (Nettles & Cole, 1999; Brennan, 1999 as reported in Atkinson-Grosjean & Grosjean, 2000). Accountability programs are more likely to be effective when they gain legitimacy at the institution, department, and faculty levels. According to the research, the more promising approaches to accountability:

- are largely owned by the institutions of higher education;
- have institutional improvement as the primary goal;
- do not tie performance results to funding in view of the risk of perverse incentives, “gaming” the system, or a focus only on short-term results;
- restrict government’s involvement to a monitoring role; and
- incorporate some possibility of future consequences in the absence of improvement.

Principles for Developing an Accountability Program

A number of higher education experts have offered principles for developing accountability programs and performance indicators; principles that California can consider in developing its own accountability program (see, for example, Ewell, Wellman and Paulson, 1997; Ruppert, 1995, 1998a; Burke, 1998; Zumeta, 2001).

Some of the principles offered include:

1. Base accountability efforts on a set of clear statewide policy objectives
2. Focus on improvement rather than failure

3. Include key stakeholders in the process of designing an accountability system
4. Use performance indicators that are consistent with the goals and purposes of the accountability program rather than those that are most readily available
5. Incorporate budgetary consequences for performance on the chosen indicators
6. Use indicators that are designed by campus officials rather than by policy makers
7. Avoid a “one size fits all” approach to accountability – consider the different missions and contexts of the various types of institutions
8. Avoid unnecessary duplication with other government or accrediting bodies
9. Monitor only those issues that are amenable to government intervention
10. Reserve for the academic community aspects of accountability appropriate for higher education, including program review and quality assurance
11. Increase the visibility and relevance of performance indicators at the department level
12. Monitor performance and cost without prescribing how resources are allocated
13. Avoid a system that creates budget instability
14. Develop student-level data systems to track students across institutions and sectors
15. Acknowledge the important differences between K-12 and higher education

We agree with many of these principles. However, they assume that a state accountability system will monitor performance at the individual campus level. We believe that the main purpose of statewide accountability is to monitor statewide performance and aggregate system performance with respect to state policy goals. Each segment should have an internal accountability process that monitors individual campus performance for purposes of institutional improvement in the context of state priorities. In Chapter 4, we describe key choices to be made in designing an accountability system for California, incorporating many of the ideas outlined in the principles above, but keeping the focus on statewide performance.

4. EVALUATING ALTERNATIVE APPROACHES FOR CALIFORNIA’S ACCOUNTABILITY FRAMEWORK

As we have seen from a review of national and state initiatives, there are many different approaches to accountability—none clearly successful. In Chapter 3 we presented some principles that can guide California in the development of its first comprehensive accountability system. In this chapter we consider two issues. First, on what criteria should an accountability system be judged? Put another way, what do we want it to do for us and how would we know if it were successful? Second, with those criteria in mind, what choices should California make in the design of its system, from among the various options?

An accountability system is a composite of many different design features. The second section of this chapter presents a systematic review of those features and makes recommendations in each case. The final chapter of this paper summarizes our recommended framework and assesses its likelihood of satisfying the criteria we have set forth. There are no easy answers to the accountability challenge, or other states would have found them. While we can learn from the successes and failures of other states, we need to be mindful of the limitations and continuing challenges even of the best options.

Criteria for Success

Based on our review of experiences elsewhere and our extensive interviews with those who must make this system work, we suggest the following criteria for judging the success of an accountability framework.

The accountability framework must forge common ground among policy makers and educators with respect to the legitimacy of accountability itself.

As discussed in Chapter 1, there is a large culture gap to be bridged for an accountability system to succeed. Policy makers are part of a government

environment that has embraced accountability while educators are resistant to accountability as it has typically been approached. Legislators want no-excuse, simple, up or down answers. Educators want ample accommodation of the complexities of higher education. Legislators have a legitimate interest in efficiency; educators want quality at the fore but do not want legislatures to define or measure it. Legislators have a very short time frame in which to consider policy change and progress; educators favor a more considered approach to developing new practices and assessing their impact. Legislators are comfortable with the quantitative, report card approach that so much of government now uses; educators are offended by the regimented, tidy approach to higher education that it reflects and are suspicious of measures of performance. In view of this culture gap, the most important criterion for an accountability system is that it promote acceptance of accountability itself. If not viewed as reasonable, legitimate, and workable by policy makers and educators, it will be resisted and will become dysfunctional.

The framework must produce meaningful information for policy makers and educators about policy choices and progress toward fundamental policy goals.

A second criterion stems from the problem that we stated at the outset: policy makers and staff don't believe they know enough about the outcomes of higher education in California. Moreover, discussions about what the outcomes *should be* are not taking place.

In spite of periodic review of the 1960 Master Plan, little has been done to identify key public policy goals for higher education beyond the reaffirmation of the values of access, affordability, and quality. These values are compelling in concept but too vague to drive strategic planning and action in our colleges and universities

today. Moreover, the momentous changes that have occurred in the higher education industry since 1960 warrant serious public discussion to grasp what access, affordability, and quality mean in today's environment and what policy options might be considered. Hence, an effective accountability system must promote informed discourse about public policy choices and produce information to track progress toward key policy goals.

Some argue that the proof of an effective accountability system is in the progress that is made toward meeting goals. They challenge the effectiveness of accountability on the grounds that there is no evidence that it has improved student learning. We believe that is too high a standard, at least at the outset. Whether or not the state and its educational institutions have the wherewithal to solve problems is really not the test of the accountability system. Accountability alone cannot reverse budget downturns or eliminate intransigent social problems. Accountability can shine a spotlight on important problems in such a way that policy makers and institutions can respond.

The framework must be enforceable and sustainable.

Many attempts at accountability, particularly those using performance budgeting, are not sustainable because they make impossible promises. These can be of two types. First, many systems include threats of budget consequences for which the political will to enforce is lacking. The Partnership for Excellence, for example, has a provision for a contingent funding mechanism that no one is willing to impose. South Carolina is the worst-case example, with its bold promise to allocate 100% of higher education general funding on a strict application of a formula built on performance measures and weighting criteria. Not surprisingly,

when the formula hurt the political powerhouses, the political will evaporated. Many interviewees cited K-12 reform efforts in California as involving empty threats that a higher education system of accountability should be sure to avoid.

A second kind of impossible promise comes from false assumptions about how much is known of the higher education “production function.” Approaches that provide incentives in exchange for a specific increment of goal achievement invite trouble. When outcomes fall short, debates ensue about whether the funding increment was adequate or whether other requisites were in place. After so many false promises and un-enforced threats, a system loses legitimacy and credibility.

Key Choices

In designing options for an accountability framework, it is useful to think of the different features of the framework that together would constitute the whole approach. This section describes the various choices with respect to each feature. In each case, we present the range of options and make a recommendation based on our research and the criteria we have set forth. In some cases, our choice is easy; in others, there are real tradeoffs to consider.

Purpose of the Accountability Framework

There are three different purposes that could be served by an accountability framework, each with a different primary audience:

- State policy achievement, with the primary audience being policy makers interested in ensuring that the large state investment in higher education is yielding the desired results for the state and its citizens;

- Institutional improvement, with the primary audience being the higher education institutions and their faculty and staff who can learn from performance indicators, provided that the information generated is relevant to choices that can be made at the campus and system levels;
- Consumer information, with the primary audience being students, their families, and employers of the systems' graduates, whose decisions may in part be influenced by comparative performance.

Most accountability systems purport to meet all three goals and to serve all three audiences. However, different audiences require different kinds of information and it may not be possible to meet all of these needs with one framework. Policy makers need information about the collective outcomes of the state's higher education enterprise in view of their responsibility and their ability to influence those outcomes through public policy. Institutions need campus-level information to promote institutional improvement through program and administrative changes. Consumers need comparative campus information about the college environment, student satisfaction, and student success as a basis for making choices.

In some cases, the same information might serve multiple purposes. For example, policy makers, institutional leaders, and students may share an interest in transfer rates of individual community colleges or graduation rates of four-year campuses, but only policy makers have a reason to track the number of teaching credentials produced statewide, while only students would have a keen interest in student satisfaction ratings at particular campuses.

Distinguishing between campus-level and state-level outcomes is critical because every institution could be meeting its own goals but collectively they may fail to meet statewide needs, such as producing sufficient nurses or providing access for all eligible students. In other words, a system designed principally to meet

consumer needs or institutional improvement could neglect statewide needs.

One respondent noted that consumers may be primarily interested in issues that are *unique* to a campus, rather than in campus comparisons across the same dimension. For example, a campus may have unique opportunities for student activities, for interaction with the community, for study abroad, or for engagement with faculty research. This kind of information, which indeed is important information for influencing consumer choice, is appropriate for system and campus publication but not for a statewide accountability framework.

We need to stress that an accountability system designed around state policy goals is accountability for the public. It is erroneous to assume that only through consumer information does an accountability system serve the public.

Recommendations:

- Design the framework principally to track outcomes with respect to fundamental state policy goals
- Encourage each segment to develop an internal accountability system to promote institutional improvement around both institutional and state priorities
- Encourage consumer-oriented report cards to be developed by each system office and published on system and campus web sites

Unit of Analysis

Is information best reported at the state, systemwide, or campus level? This choice relates directly to the prior issue of the purpose of accountability. If the primary purpose is to inform state policy, there may be less reason to report campus level data. If the primary purpose is to promote consumer choice, campus level information is needed. Given our recommendation above, we do not recommend

reporting campus level data unless it informs policymaking.

The advantage to reporting state- and system-level data is that it keeps the focus on state public policy. It removes the element of comparison across campuses that encounters such opposition among educators. Once inter-campus comparisons are invited, the thorny issue of comparative campus resources, mission, and student demographics emerges. Making proper inferences from such comparisons requires time and expertise that policy makers lack. Keeping the focus on state and system outcomes also minimizes the risk of legislative involvement in campus management—a task that is best left to institutions and their boards.

There are advantages, however, to reporting campus-level information. System data can mask important variations that, if understood, can guide institutional improvement. Another, more practical reason why some campus-level data might be included is to gain the support of policy makers who may believe that reporting only aggregate data gives the segments too much cover from true accountability. Finally, campus-level data are necessary if the purpose of developing the accountability framework is to inform consumer choice, but we have recommended against that approach.

The CSU accountability process provides a good model for resolving this issue. As noted in Chapter 2, accountability in the CSU consists of the Partnership with the Governor, under which system data are presented, and an internal system, by which campus data are reported to the Trustees. Since these two systems evolved separately, they are not as well coordinated as they might be. But the core idea of “nested” systems with campus-level data available to institutions to guide

institutional improvement and state-level data to guide state policymaking is sensible. As problems are raised at the state level, a system review of campus-level data could be undertaken to inform the state-level discussions without bringing the campus-level data into legislative hearing rooms. Furthermore, the internal process can include the assessment of program quality and student learning, which should remain the purview of the systems and their boards.

Recommendations:

- A state-level accountability system should be built around state-level and system-level performance data
- Each system’s internal accountability process should report to its board for purposes of institutional improvement: (1) campus-level data for performance areas in the statewide framework, where appropriate, and (2) additional data on program quality and student learning, according to quantitative and/or qualitative measures determined by the boards

Performance Data

Experience in other states has made it abundantly clear that accountability reports should focus on a limited number of items—only those that most fundamentally reflect the goals and priorities for the state. Beyond issues of quantity, the *nature* of the information sends important signals about values and the degree to which the interests of stakeholders are being honored. Policy makers have a legitimate interest in efficiency measures and a practical need for simplicity. Educators have an equally legitimate interest in hard-to-measure dimensions of quality and an experience-based bias against over-simplifying the enterprise to which they have devoted their careers. Some measures that meet each group’s interests must be included and measures that do great violence to the others’ interests must be excluded.

A final choice involves the “feel” of the data system: is it no more than a list of performance indicators to be judged against performance standards, or is it food for thought and discourse about priorities and policies? The choice between a simple, quantitative system and a more dynamic, flexible one with room for qualitative data presents real tradeoffs and sends powerful signals to the stakeholder communities about the values reflected in the accountability system. Both approaches have merit, provided that they start with what stakeholders collectively care about rather than what information is readily available.

The challenge of qualitative measures is what to do with them. Mission-specific, qualitative measures, as compelling as they may be, create major demands on those who prepare the information and those who review it. The CSU recently eliminated the three mission-specific, qualitative items from its internal accountability process that covered performance areas of faculty scholarship and creative achievement, contributions to community and society, and institutional effectiveness. Faculty leaders are disappointed because they read the change as a signal that accountability is about quantification and comparison. The administration contends that the items created a lot of work for campuses and that the Board of Trustees wasn't sure what do to with the information.

Recommendations:

- Negotiate a short list of performance measures that relate directly to the adopted policy priorities
- Include measures that meet some of each stakeholder's needs but avoid those that are strongly opposed by other stakeholders
- Include some measures that track performance of segments but place the primary emphasis on measures that track statewide outcomes to establish

accountability not just of the segments but of policy makers for the governance structures and public policies they enact

- Ensure that institutional measures are appropriate to the missions of each institution
- For hard-to-measure performance areas, use the best quantitative proxies available, and work to develop better measures over time, unless those proxies are truly invalid or provide incentives for institutions to act in ways that are inconsistent with state policy goals
- For issues of academic program quality and student learning, require that systems demonstrate that their internal accountability processes assess quality and learning according to “industry” standards and that those assessment results are used to improve outcomes, but do not bring that assessment information into the state framework

Target-Setting

The issue of target setting deserves special attention in the discussion of how performance information is used. Textbooks on public management assert that effective performance management requires the setting of specific targets (e.g., increase transfer rates by 10% by 2004/05). We believe that target setting is an unproductive distraction from the real task of improving outcomes. The textbook prescription is based, as is so much of the performance management literature, on unrealistic ideas about how well we understand and control cause and effect relationships for complex social phenomena. In reality, we may know that some things appear to work better than others in some situations, or that some effort in one area can be expected to have some effect, subject to many other factors that may be unpredictable or outside of our control. In other words, targets can almost never be set with any degree of certainty as to what it takes to accomplish them. They are almost always arbitrary.

Moreover, target setting invites gamesmanship. If performance is assessed

based on whether targets are met, there are powerful incentives to set overly modest targets. If comparisons are made between institutions based on degree of target achievement, the discussion turns to the reasonableness of the two targets, rather than the progress that was or could have been made. We recommend that performance be assessed, not with respect to arbitrary targets, but with respect to improvement over time and, where available, with respect to reasonable standards or benchmarks, i.e., peer comparisons. One advantage of comparing performance over time is that it neutralizes the problem of factors we cannot control. Such exogenous factors can usually be assumed to be fairly constant over time, making year-to-year comparisons valid despite such factors.

Recommendation:

- Do not set explicit performance targets for each performance area but track change over time and compare performance to appropriate external standards or benchmarks if available

Interpretation of Data

Turning performance data into meaningful information is an essential task of an effective accountability system. A flaw inherent in many systems, including California's Partnerships, is that box loads of data are generated that are read by few. They are not read because potential readers lack the time, the context, and the knowledge to convert the data into meaningful information. Higher education is a complex enterprise and most performance information needs to be explained, interpreted, and compared to *appropriate* standards of expectation. In addition, data prepared by institutions will understandably be presented in the best light possible. Potential readers have come to discount much of this information and therefore do

not want to invest a great deal of time to hear the “party line.” As one staff member put it, “we don’t see any information about failures in higher education because the information is carefully controlled.”

We suggest that an accountability system needs an expert “interpreter” who can review performance data thoroughly, compare outcomes to appropriate standards and with appropriate recognition of resource and other constraints, and present an independent assessment to policy makers. We suggest that this interpreter can help bridge the culture gap by giving both educators and policy makers what they need. That is, the interpreter can reassure educators that the complexities of the educational enterprise have been honored in the review and assessment of performance data. Having done that, the interpreter can condense the information to give policy makers the summary report on performance that they need and want in view of the reality that “no one inside the Legislature is going to take the time to read all the reports.” We imagine a venue in which the interpreter presents his or her findings to policy makers, summarizing quickly those performance areas that look satisfactory and spending more time on those where performance indicators raise some “red flags.” The nature of the concern would be explained and the political and governance processes would respond as appropriate (see section below on “Consequences”).

Who should play the critical role of data interpreter? Possibilities include CPEC, a new entity created to support accountability, and an outside contractor. While the segments may be given an opportunity to present their views, there needs to be an independent, expert presenter who can provide judgments about progress

with reference to reasonable benchmarks and expectations.

Recommendations:

- If CPEC is a viable organization when these recommendations are considered, CPEC should be assigned the role of interpreting performance data and reporting regularly to the appropriate legislative venue.
- If CPEC is unable to fulfill this role during its period of instability, an outside contractor should be retained who has extensive expertise in higher education policy, management, and data systems, and who can gain the trust of the segments and policy makers

Linkage of Performance with the Budget

Earlier in the paper we described how accountability is often wrongly *equated* to performance budgeting when, in fact, performance budgeting is but one way to implement accountability. We also described the many ways in which performance budgeting in practice is problematic, despite the compelling theory of linking funding to performance. Yet the one constant refrain in our interviews with legislators and staff was “there must be budgetary consequences!” Without any link to budget, there is no compelling reason to expect the institutions or the policy makers to pay any attention to an accountability system.

The choice here is not just between the formulaic linkage of “performance funding” and the more flexible “performance budgeting.” Even if we reject performance funding as inconsistent with the culture of accountability that we seek in California, there are choices with respect to how the flexible linkage between performance and budget should be attained. Should an a priori agreement determine what level of overall performance would be met with what level of overall funding? Or, should funding levels be negotiated through the normal budget process with performance information being one factor in the decision? Should the funding that

is linked to performance levels be provided in advance of performance, as an incentive, or after demonstrated performance, as a reward?

The distinction between incentives and rewards is important. Incentive funds provided in advance tend to be viewed by policy makers as the cost of achieving the intended outcome. This approach requires knowledge of the resource-performance relationship that is probably beyond our grasp. In addition, it encourages the audit mentality of tracking the use of the funds and ignoring the degree to which all base resources should be devoted to high priorities. Providing a reward after performance is demonstrated implies that policy makers believe the base is adequate to accomplish the goals, leaves the use of base funds to the institutions' discretion, and provides a reward without strings attached—a very highly valued commodity.

Recommendations:

- Do not adopt a formulaic approach to linking funding to performance
- Do not set aside “categorical” performance funds because it encourages policy makers to see these funds (instead of *all* funds) as buying performance gains and will encourage an audit mentality toward accountability, i.e., tracking expenditures instead of outcomes
- Set forth clear expectations that past performance will be considered in subsequent allocations, by means of differential base adjustments and, in the event of serious performance shortfalls, by withholding some base funds until plans are put forth to correct deficiencies

Other Consequences of Performance

Non-budgetary consequences should also be considered because of all the difficulties attendant to performance budgeting. We suggest that there are three additional policy levers available to policy makers that can be used to assess consequences and thereby motivate desired institutional performance:

- System design: institutional missions and the incentives that support them
- Regulatory: degree of control versus autonomy accorded to institutions
- Market: dissemination of performance information

System Design. Our three segments of higher education and their respective missions are creatures of the state. If performance at the state level is falling short of state goals, different policies affecting mission, financial aid eligibility, role of the private sector, and governance could be considered.

Regulation. Colleges and universities cherish autonomy. The tradition of autonomy is one reason why accountability has come late upon the higher education scene. Throughout the public sector accountability movement, accountability and autonomy have gone hand-in-hand, with agencies accorded more autonomy in exchange for increased accountability for results. Policy makers could exploit this relationship in their responses to performance information—increasing autonomy to reward good performance and reducing it if performance falls short of goals. Such actions could include attaching “strings” to budget allocations, requiring information prior to release of funds, or mandating programs or service levels.

Market. Information can be a powerful motivator in this increasingly market-oriented society. Many states have chosen “performance-reporting” systems over performance budgeting, discovering that the mere reporting of information can focus attention on important goals. One need look no further than the U.S. News and World Report college rankings to see how publicity can influence institutional behavior, for better or worse. The challenge is to structure the reporting so as to influence behavior for the better, i.e., to accomplish state policy goals. The publication of the “Measuring Up” report cards by the National Center for Public

Policy and Higher Education has stimulated considerable work by policy makers in some states to improve grades. The publishing of “report cards” as a market mechanism to influence outcomes has direct implications for status and indirect implications for budget, since this information can affect enrollment, which affects budget allocations. Institutions also have an incentive to receive high marks because it would help them recruit high quality faculty, staff, and students.

Recommendations:

- Let the political process bestow consequences on a case by case basis as deemed appropriate, i.e., after hearing the “interpreter” assess performance of the three systems and the state as a whole, a variety of responses may be deemed politically feasible and appropriate
- Consequences should be determined only after tracking performance for a reasonable period of time (usually more than one year).

Dissemination of Performance Information

How public should performance information be? Should it all be available to the same audiences? Most states have one set of performance information that is distributed to the coordinating body and policy makers. A few have an additional “campus report card” containing campus-specific information of interest to consumers. If California’s system were to consist of “nested” accountability as recommended above, should the performance information generated for the internal systems be made public? The answers are found in the audiences and purposes.

The state-level accountability system is intended to promote the kind of policy discourse that has been missing in California about postsecondary education. Performance data generated for the state-level system must be made widely available to all interested stakeholders. If it is concise and presented in the context of state

policy goals, policy makers and staff will likely read it.

The information generated for the internal accountability processes that we have recommended is intended to guide institutional improvement. System offices should be required to provide an annual report to the Governor and Legislature explaining their internal accountability process, providing summary data, and giving examples of how findings have been used to spur internal improvements.

Comparative campus data should not routinely be included in these annual reports, nor should qualitative information about student learning outcomes and academic program quality.

Consumer-oriented campus “report cards” should be published, but should not be part of the state-level accountability framework. They would include information useful to prospective students such as average class size, most popular majors, percent of students living on campus, percent of students engaging in service learning, distribution of enrollment by part-time/full-time, age, gender, ethnicity, etc.

Recommendations:

- Performance data produced for the state-level accountability system should be widely disseminated to the policy community and made available to interested publics on the CPEC and/or system web sites
- Performance data produced for the internal system processes should be included, in the aggregate, in an annual report to the Governor and Legislature on the internal accountability process
- Campus comparative data generated by the internal accountability process should be used by the systems and their boards for purposes of institutional improvement and should not routinely be included in the annual reports to the Governor and Legislature
- Campuses should be encouraged to publish descriptive “report cards” but these should not be part of a statewide accountability framework

Venue for Reviewing Data and Assessing Consequences

We take as given that the Legislature needs to play a central role in accountability, since this research was generated by legislative interest in accountability. Few in the Capitol with whom we spoke are satisfied to remain bystanders to the Governor's Partnerships. How should this involvement occur? We have recommended against a self-regulating accountability mechanism whereby performance is translated by formula into budgets. In the more flexible system that we recommend, choices must be made about who judges performance information and assesses consequences. An obvious venue is the budget hearing, which is the only place where the Partnerships are now discussed. However, as one staff member noted, "budget hearings are by nature adversarial."

An interesting alternative, suggested in our interviews, is to convene a separate accountability forum for both budget and policy committee members. Taking accountability outside the regular budget process could provide for a "more thoughtful" consideration of a complex set of issues and would underscore that accountability is first and foremost about informing stakeholders of performance to promote appropriate policy and institutional responses. The outcome of the accountability forum could be recommendations for the budget and policy committees, resulting in both budgetary and non-budgetary consequences, as judged appropriate by the joint committee members (see above section on "Consequences"). Through this process, accountability data would be *available to* the budget process but would not be subsumed by the budget process.

Recommendation:

- An accountability forum should be scheduled, probably in the fall, for both higher education policy and budget committees, which would yield recommendations for consideration by budget and policy committees

Summary of Recommendations

It is important to design an accountability system that is sensitive to the needs and values of policy makers and educators. A system that is focused on state level educational outcomes and generates information aimed at guiding state public policy has the best chance of success. Performance data on statewide educational outcomes should be supplemented by performance data on segmental outcomes generated by each segment's internal accountability process and reported annually in aggregate form to the Legislature and Governor. The review of campus-level comparative data should be the responsibility of governing boards for purposes of institutional improvement in concert with the goals reflected in the state accountability system. Consumer-oriented campus-level data to assist in private choice making is a separate activity that should be handled outside of the state's accountability process.

The design and use of measures of performance should be approached in a flexible and dynamic manner. We should seek valid measures that address the interests of all stakeholders, developing new ones if necessary. We should reject formulaic approaches to the translation of measured performance into resource allocation. Performance information should be made available to the budget process and be a factor in budget development but the accountability process and the review of the information it generates should be separate from the budget process. The consequences of performance at state and system levels should be handled through normal political and institutional governance processes.

5. AN ACCOUNTABILITY FRAMEWORK FOR CALIFORNIA

In Chapter 1, we defined a number of terms and made distinctions that we believe are critical to effective statewide accountability for higher education. After describing accountability approaches in California (Chapter 2) and elsewhere (Chapter 3), we set forth, in Chapter 4, criteria for effective accountability and recommendations for the design of a system. Here we synthesize these points into a set of “principles” for effective accountability and a set of “recommendations” for the structure of the framework. The principles are, in effect, the values that should guide the structure of the framework. Following these recommendations we discuss issues of implementation as well as some of the enduring challenges that will be faced along the way. In Appendix 1, we present a template for the reporting of performance information under the recommended framework.

Principles for State-level Accountability

1. State-level accountability is about the effectiveness of our institutions and public policies, *collectively*, in meeting the educational needs of the citizens and the state; it is not principally about assessing the effectiveness of each individual institution or segment
2. A state-level accountability system should inform the choices that policy makers make about institutional design and public policies that affect the educational outcomes of Californians
3. Institutional improvement is best supported by internal accountability systems that examine campus-level performance with respect to state and institutional priorities
4. Accountability must be built on cooperation and trust, not fear and competition; it must be designed so as to earn the support of policy makers and educators alike
5. Accountability and assessment are not the same: accountability comprises a range of state policy goals; assessment is aimed at student learning, which is not amenable to direct measurement via state-level performance indicators
6. Accountability information should be *available to* the budget process but the two processes should be kept separate because accountability is about more than the expenditure of resources

7. The consequences of performance should be determined through normal political and governance processes and not through the application of formulas to a set of performance indicators, targets, and standards
8. Accountability should be two way: institutions are accountable to state policy makers for performance as set forth in the accountability framework and policy makers are accountable to institutions for maintaining a consistent policy focus on the issues and priorities in the framework
9. Performance should be tracked with respect to improvement over time and appropriate standards but not with respect to arbitrarily assigned targets
10. Information to support consumer choices with respect to postsecondary attendance is of a fundamentally different nature and should be handled outside of a state-level accountability framework

Structural Recommendations

1. The framework should start with a set of fundamental priorities for the state's postsecondary education enterprise and include indicators of statewide educational outcomes
2. There should be separate priorities and performance indicators for each segment that reflect its contribution to the overall priorities for the state
3. Performance data should be reported for the state as a whole and for each system in the aggregate, but not for individual campuses
4. Adopted performance indicators should (a) reflect the values of all major stakeholders, (b) relate directly to the priorities set forth in the framework, (c) reflect differences in mission, (d) quantify performance as best as possible, and (e) focus on outcomes and results
5. Each segment should develop an internal accountability system designed to promote institutional improvement around institutional and state priorities and should report annually on this process to the Legislature and Governor
6. The state-level framework should not incorporate direct measures of student learning but should include a "process" measure by which segments must demonstrate that their internal processes of student learning assessment are being run with integrity and are being used to improve student learning
7. The development of performance information should be coordinated by CPEC (or another state-level entity), which would ensure the integrity and accuracy of the data
8. An annual accountability "forum" should be held outside of the budget process for members and staff of the budget and policy committees that deal with higher education and the Governor's higher education staff

9. An expert on higher education policy and performance measurement should present a concise analysis of the performance data, noting where performance is on track and calling attention to any areas of concern
10. The outcome of the accountability forum should be recommendations for consideration by budget and/or policy committees, the Governor, and the segments

Implementation Issues

There are three major implementation tasks to be addressed:

1. Integrate the New Framework with Existing Partnerships

We have described the value in bringing the Legislature and the Governor together in support of a common accountability framework. But how would a new framework relate to the existing Partnerships? The PFE is statutory, and changes could be proposed through Legislation. It is possible that the UC/CSU Partnerships could be re-examined for the new gubernatorial term in order to develop a common accountability framework for higher education. It will be incumbent upon the Legislative leadership to work with the Governor's Office towards this end.

2. Set Policy Goals

The framework must start with consensus on a limited set of policy goals for California higher education. By "goals" we do not mean numeric targets but a vision of what is needed for an educated citizenry and workforce. Goals should be set with broad participation of educators, policy makers, and the business community, the latter in view of the importance of postsecondary outcomes to the state's economic health. There are models from other states that could help guide this effort. Moreover, the goals laid out in the three existing Partnerships provide a good beginning. But someone has to take the lead in this effort by assembling an appropriate group of stakeholders, explaining the purposes of the endeavor,

proposing a set of goals for discussion, and leading the group toward consensus.

3. Select Performance Indicators

Much more difficult than achieving consensus on the policy goals is achieving consensus on the choice of performance indicators for the selected goal areas. This is a delicate task that faces political and technical challenges. We suggest that a smaller group of educators and policy experts develop the indicators, subject to the approval of a larger stakeholder group. As we have seen from experience in other states, the use of ill-advised indicators can have significant unintended consequences and can destabilize support for the effort.

Whither CPEC?

An underlying issue is the fate of CPEC. Higher education coordinating agencies play central roles in the development and maintenance of state systems of accountability. They have the independence, expertise, and legitimacy to collect, analyze, and interpret data and keep the process on track. It is hard to imagine how California's framework could be implemented without CPEC's guidance.

Enduring Challenges

A recurring message in this report is that there are no easy ways to implement accountability in higher education. In this section we describe some of the challenges that will be encountered along the way. These are not problems to be solved, but rather realities to be accommodated.

Measuring Student Learning

No one disputes that student learning is the key outcome of higher education. But is it measurable? This question elicits great philosophical debates as well as concerted efforts by educators to improve assessment of student learning. For now,

we must implement statewide accountability without having *direct* state-level indicators of student learning and without having confidence that accreditation processes are providing proper assurance of program quality. We will have to rely on indirect measures, such as student and employer satisfaction, and on internal system processes of academic program review and learning outcomes assessment.

Imperfect Measurement

Measurement is difficult in general—not just for student learning. Most performance indicators used for statewide accountability are quantitative measures chosen for their ready availability and ease of presentation. Any educator can tell us how such measures fail to capture important things that their institutions do. But while we should continually seek better measures, we may never find perfect ones. In each case, we need to decide whether some measures are better than no measures and agree to use data in ways that acknowledge the limitations. For example, where formulas convert performance into budgets, an emphasis on retention rates creates incentives to admit better-prepared students. With forethought and reason in how we use performance information, instead of formulas, we can avoid the negative, unintended consequences that are otherwise attendant to imperfect measurement.

Linking Performance to Budgets

Everyone believes that budget is the best motivator but no one knows how to, or wants to, use budgets in this manner. We described in some length the problems attendant to performance budgeting in theory (Chapter 2) and in practice (Chapter 3) and recommended loose, rather than formulaic, links between performance and budget. With loose links, however, there will never be the proof of budgetary consequences that some seek. Moreover, no linkage can ever quiet the debate over

the adequacy of base resources. There will always be uncertainty about how much is enough for institutions to accomplish what is expected of them. There will always be those who argue that performance can't improve without more resources and those who respond by saying there are enough resources if used wisely. We should not look to an accountability framework to remove this basic fact of life and politics.

Legislative Leadership, Norms, and the Problem of “Member Issues”

The term-limit induced turnover in legislative membership and leadership presents ongoing challenges for an accountability system, which needs consistency, stability, and expertise to work best. This point came up over and over in our interviews. Staff stressed that their members have short time frames to establish a reputation and make a difference, and rarely have time to develop any real expertise. The problem is most acute in the Assembly where members “are less patient and want change quickly” and where they “have not been around long enough to know all the valid reasons why seemingly good solutions may not work.” We heard that “the patience to deal with complex numbers is much harder under term limits.”

This presents a major obstacle to sustaining a focus on a set of policy goals. There is danger that legislators will stray from the identified goals and divert effort to more particularized issues. Although we have recommended that the Legislature be accountable to the segments for “policy consistency,” we know that “you can't get rid of ‘member issues.’” Legislators will champion the issues they choose, and are rewarded for the number of issues they tackle as they seek credit for “fixing education.” We can only hope that over time, higher education leaders in the Legislature can exert discipline on their peers to sustain the focus on the established policy goals of the accountability framework. Perhaps a lesson can be drawn from

the 1960 Master Plan, which succeeded in framing policy discussions for several decades because of the compelling values it reflected.

CCC Governance

The governance issues for the California Community Colleges are well described in the report of the Committee to Develop a Master Plan. The lack of authority over the colleges by the Chancellor presents a major challenge for the effectiveness of the accountability framework. We have recommended that each segment be required to implement an internal accountability system by which they can ensure state policy makers that institutional improvements are occurring to align campus outcomes with state priorities. But as long as the Chancellor is “deputized but not empowered,” we have no reason to expect that holding the Chancellor accountable for systemwide outcomes will influence outcomes at all.

Accountability vs. Autonomy in Higher Education

We have described how the accountability movement has signaled an end to the era of near-complete autonomy for higher education. Yet, autonomy is still a powerful force in the academy. There is deep concern that accountability efforts will fail to recognize the great diversity in mission, both across and within institutional segments, and fail to honor the fundamental purposes of education. Our review of the literature and our interviews provide substantial evidence of a disconnect between the goals and values of policy makers as compared to those of higher education leaders. Maintaining an appropriate balance across cultures and values will be a continuing challenge.

Conclusion

California policy makers have a fundamental interest in designing and

maintaining a system of higher education that can raise the educational levels of its citizens and promote the economic health of the state. A system of statewide accountability can provide a framework for sustaining the kinds of policy conversations that are needed to monitor progress toward these ends. Such a framework must be more than a guide to regulate and monitor the individual higher education segments. It must monitor the outcomes of the whole enterprise and raise possibilities of state policy change in addition to change within institutions. Unless we attend to state-level as well as institutional performance, we could have highly effective institutions but underserved populations and unmet state policy goals.

In this report, we have considered the range of interests, the experiences from across the country, and the purposes to be served by improved accountability. We have questioned some of the conventional approaches and presented a systematic review of options for designing an accountability system. The key principles and recommendations that emerged are listed at the front of this chapter. In Appendix 1, we suggest a template for the presentation of performance data for California higher education. It is offered as a starting point for the recommended process of bringing stakeholders together to develop goals and is not intended to be complete in terms of either goals or measures. Extensive consultation with those far more familiar than we are with the data and measures would be needed to complete the template.

Despite our admonitions about the difficulty of implementing statewide accountability in higher education, we believe that it is a worthwhile effort and we hope that the suggestions offered in this report will prove useful.

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APPENDIX 1: SAMPLE TEMPLATE FOR HIGHER EDUCATION ACCOUNTABILITY

The template is organized into “state-level” and “institutional” performance. The inclusion of “state-level” indicators is critical but is sometimes overlooked by a tendency to view accountability as monitoring the outcomes of institutions. The state’s ultimate interest is in educating and raising the knowledge and skill levels of its citizens; funding and regulating a set of institutions is only a means to that end. We could have highly effective institutions but underserved populations and unmet state policy goals unless we attend to state-level as well as institutional performance.

STATE-LEVEL PERFORMANCE

Performance Area	Sub-categories	Performance indicators
Preparation for College		
	High school core curriculum	% of high school graduates completing college prep core curriculum, by ethnicity
	High school curriculum	% of high schools in AP program
	High school achievement	Average scores on specified test(s)
	High school completion	% of entering cohorts who complete high school
Access and Participation		
	Access – young adults	% of high school graduates who enroll in CA postsecondary education
	Access – working-age adults	% of 25-49-year olds enrolled part-time in CA postsecondary education
	Enrollment – young adults	High school freshmen enrollment in college within 4 years in any state ^a
	Diversity	Percent of college-age population enrolled in college, by ethnicity
	Geographic access	College enrollment per 10,000 population by county
Affordability		
	General ability to pay	% of income needed to pay for college, less financial aid ^a
	Reliance on loans	Average loan amount that undergraduates borrow each year ^a
	Unmet financial need	Unmet need under federal needs analysis minus grants from all sources

STATE-LEVEL PERFORMANCE (continued)

Completion		
	Bachelor's degree completion	% of first-time, full-time students completing a bachelor's degree in 6 years ^a
	All program completion	Certificates, degrees and diplomas awarded at all colleges and universities per 100 undergraduates ^a
	Community college transfer	% of students beginning in community college who complete a bachelor's degree in 8 years
	Completion by ethnicity	Ethnicity distribution of degree completers compared to distribution of high school graduates
Student Outcomes		
	Graduate satisfaction	Survey ratings of satisfaction with learning
	Employer satisfaction	Survey ratings of satisfaction with graduates of CA colleges and universities
	Test scores and pass rates	Scores and pass rates on selected tests (e.g., GRE and licensing exams)
Economic Benefits		
	Educated citizenry	% of adults with bachelor's degree or higher
	Degrees conferred	Undergraduate and graduate degrees conferred by all CA institutions per 100,000 state population
	Research investment	Extramural research funding per state \$
Areas of Special Need		
	Teacher education	# credentials awarded in relation to state needs
	Nursing	Degree projection in relation to workforce needs
	Science and technology	Degree production in relation to workforce needs
Efficiency		
	Educational costs	Cost per FTES; cost per degree conferred

INSTITUTIONAL PERFORMANCE: COMMUNITY COLLEGES

Performance Area	Sub-categories	Performance indicators
Preparation for College		
	Student preparation	% of entering students needing remedial coursework
	Student progress	% of students entering with remediation needs who are enrolled and making progress one year later
Access and Participation		
	Access – young adults	% of high school graduates who enroll in CA Community Colleges
	Access – working-age adults	% of 25-49-year olds enrolled part-time in CA Community Colleges
	Geographic access	Community college enrollment per 10,000 population by county
	Diversity	Community college enrollment by ethnicity
Affordability		
	General ability to pay	% of income needed to pay for community college, less financial aid ^a
	Reliance on loans	Average loan amount that students borrow each year ^a
	Unmet Financial Need	Unmet need under federal needs analysis minus grants from all sources
Completion		
	Persistence	% of first year students returning their second year ^a
	Transfer Readiness	# of students who earn 56 transferable units with minimum GPA of 2.0 ^b
	Transfer	# of students who transfer to 4-year inst. ^b
	Course completion	Rate of successful course completions ^b

INSTITUTIONAL PERFORMANCE: COMMUNITY COLLEGES
(continued)

Completion (continued)		
	Program completion	# of certificates and degrees awarded ^b
	Basic skills	# students successfully completing coursework at least one level above prior basic skills enrollment ^b
Student Outcomes		
	Student satisfaction	Survey ratings of satisfaction with learning
	Employer satisfaction	Survey ratings of satisfaction with graduates of workforce programs
	Preparedness for university	GPA of transfer students in first year in 4-year inst.
	Placement rates	Placement rates of students completing workforce programs
Economic Benefits		
	Educated citizenry	# of adults completing basic skills study
	Workforce development	# businesses with contracted programs ^b
Areas of Special Need		
	Nursing	Program completion in relation to workforce needs
	Selected technology fields	Program completion in relation to workforce needs
Efficiency		
	Educational costs	Cost per FTES

INSTITUTIONAL PERFORMANCE: CALIFORNIA STATE UNIVERSITY

Performance Area	Sub-categories	Performance indicators
Preparation for College		
	High school outreach	% of high schools reached by CSU outreach efforts ^d
	Student preparation	% of entering students needing remedial coursework
	Student progress	% of regularly-admitted students needing remediation who complete remediation within one year ^d
Access and Participation		
	Access – young adults	% of high school graduates who enroll directly in CSU
	Access – working-age adults	# of 25-49-year olds enrolled in CSU (full-time and part-time)
	Geographic access	CSU enrollment per 10,000 population by county of high school graduation
	Diversity	CSU enrollment by ethnicity
	Community college transfer	# upper division transfers from community colleges
	Articulation	# majors with lower division common core requirements
	Capacity	Use of facilities in summer, evenings, and weekends ^d
Affordability		
	General ability to pay	% of income needed to pay for CSU, less financial aid ^a
	Reliance on loans	Average loan amount that undergraduates borrow each year ^a
	Unmet financial need	Unmet need under federal needs analysis minus grants from all sources
Completion		
	Retention	First year continuation rates ^d
	Bachelor's degree completion	Graduation rates ^d

**INSTITUTIONAL PERFORMANCE: CALIFORNIA STATE UNIVERSITY
(continued)**

Student Outcomes		
	Graduate satisfaction	Survey ratings of satisfaction with learning
	Employer satisfaction	Survey ratings of satisfaction with graduates of CSU
	Test scores and pass rates	Scores and pass rates on selected tests (e.g., GRE and licensing exams)
	Student learning assessment	Descriptions and examples of campus assessment processes
Economic Benefits		
	Workforce impact – general	% of graduates who work in California after 5 years
	Workforce impact – specific	% of workforce in selected fields that is CSU graduates (e.g., teaching, nursing, engineering)
	Research investment	Extramural research funding per state \$
	Leveraged support	Voluntary support in gifts from individuals, foundations, corporations, etc. ^d
	Continuing Education	Value of educational services purchased by business and industry through continuing ed.
Areas of Special Need		
	Teacher education	Pass rate on teacher credentialing exam ^c
	Teacher credentialing	# credentials awarded ^{c d}
	Nursing	Degree projection in relation to workforce need
	Science and technology	Degree production in relation to high tech workforce needs
	Education doctorate	# doctorates awarded jointly with UC
Efficiency		
	Educational costs	Cost per FTES
	Educational costs	Cost per degree conferred
	Time-to-degree	Average time-to-degree for baccalaureate earners

INSTITUTIONAL PERFORMANCE: UNIVERSITY OF CALIFORNIA

Performance Area	Sub-categories	Performance indicators
Preparation for College		
	High school outreach	% of high schools reached by UC outreach efforts
	High school curriculum	Proportion of students completing A-H requirements at high schools participating in UC outreach programs ^e
	Student preparation	% of entering students needing remedial coursework
	Student progress	% of regularly-admitted students needing remediation who complete remediation within one year
Access and Participation		
	Access – young adults	% of high school graduates who enroll directly in UC
	Access – working-age adults	# of 25-49-year olds enrolled in UC
	Geographic access	UC enrollment per 10,000 population by county of high school graduation
	Diversity	UC enrollment by ethnicity
	Underrepresented students	# students from “low-participating” high schools enrolling as freshmen at UC ^e
	Community college transfer	# upper division transfers from community colleges generally and from “low participation” colleges ^e
	Articulation	# majors with lower division common core requirements
	Capacity	Use of facilities in summer, evenings, and weekends
Affordability		
	General ability to pay	% of income needed to pay for UC, less financial aid ^a
	Reliance on loans	Average loan amount that undergraduates borrow each year ^a
	Unmet financial need	Unmet need under federal needs analysis minus grants from all sources

INSTITUTIONAL PERFORMANCE: UNIVERSITY OF CALIFORNIA (cont.)

Completion		
	Retention	First year continuation rates
	Bachelor's completion	Graduation rates
	Graduate program completion	Completion rates for graduate programs
Student Outcomes		
	Graduate satisfaction	Survey ratings-satisfaction with learning
	Employer satisfaction	Survey ratings-satisfaction with graduates of UC
	Test scores and pass rates	Scores and pass rates on selected tests (e.g., GRE and licensing exams)
	Student learning assessment	Descriptions and examples of campus assessment processes
Economic Benefits		
	Workforce impact -- general	% of graduates who work in CA after 5 years: in-state and out-of-state students
	Research investment	Extramural research funding per state \$
Areas of Special Need		
	Science and technology	Degree production related to high tech industry needs
	Education doctorate	# of education doctorates awarded jointly with CSU
Efficiency		
	Educational costs	Cost per FTES
	Educational costs	Cost per degree conferred
	Time-to-degree	Average time-to-degree for baccalaureate earners

Key to symbols:

- ^a Measure used in "Measuring Up" report card issued by National Center for Higher Education and Public Policy
- ^b Measure used in Partnership for Excellence (PFE)
- ^c Measure used in CSU Partnership with Governor
- ^d Measure used in CSU Internal Accountability Process
- ^e Measure used in UC Partnership with Governor

For examples of the presentation of performance data in other states, please see:

Connecticut	http://www.ctdhe.org/info/pdfs/Accountability2002.pdf
Kentucky	http://www.cpe.state.ky.us/KeyInd/index.asp
Missouri	http://www.cbhe.state.mo.us/pdf/reportcard2002.pdf

APPENDIX 2: ALPHABETICAL LISTING OF PERSONS INTERVIEWED

Senator Dede Alpert, Chair, Joint Committee to Develop a Master Plan for Education
Nancy Anton, Consultant, Senate Education Committee
Steve Arditti, Assistant Vice President, State Governmental Relations, University of California
Steve Boilard, Legislative Analyst's Office
Joseph Burke, Professor of Higher Education Policy and Management and Senior Fellow, Rockefeller Institute of Government
Christopher Cabaldon, Vice Chancellor of Policy, Planning and External Affairs, California Community Colleges
Patrick Callan, President, National Center for Public Policy and Higher Education
Kathleen Chavira, Consultant, Senate Committee on Education
Kristin Conklin, National Governors Association
Dan Crump, Former Faculty Senate President, American River College
Bruce Darling, Senior Vice President, University of California
Karl Engelbach, Senior Fiscal and Policy Analyst, California Postsecondary Education Commission
Max Espinosa, Consultant, Assembly Budget Committee
Joni Finney, Vice President, National Center for Public Policy and Higher Education
Jim Foremen, Principal Program Budget Analyst, State Department of Finance
Deborah Gonzales, Chief of Staff, Senator Charles Poochigian
Gary Hammerstrom, Associate Vice Chancellor, California State University
Larry Hershman, Vice President for Budget, University of California
Cristy Jensen, Professor, CSU, Sacramento, and member of CSU Statewide Academic Senate
Jacqueline Kegley, Professor, CSU, Bakersfield and President, CSU Statewide Academic Senate
Jolene Koester, President, CSU Northridge
Jennifer Kuhn, Legislative Analyst's Office
Kris Kuzmich, Legislative Consultant, Senator Jack O'Connell
Roger Magyar, Consultant, Assembly Republican Office of Policy
Kerry Mazzoni, Secretary for Education, Office of Governor Gray Davis
Senator Bruce McPherson
Diana Michel, Vice Chancellor of Governmental Relations and External Affairs, California Community Colleges
Paul Mitchell, former Principal Consultant, Assembly Higher Education Committee
Robert Moore, Interim Director, California Postsecondary Education Commission
Sona Nagar, Legislative Analyst's Office
Assemblyman Rod Pacheco
Travis Reindl, Director of State Policy Analysis, American Association of State Colleges and Universities (AASCU)
Jim Richardson, Chief of Staff, Senator Jim Brulte
Assemblyman Joe Simitian
Hoke Simpson, President, Community Colleges Statewide Academic Senate

Marie B. Smith, President, American River College
Preston Adam Smith, Consultant, Assemblywoman Elaine Alquist
David Spence, Executive Vice Chancellor, California State University
Natalie Stikes, Deputy Assistant Secretary for Higher Education, Office of Governor
Gray Davis
Amy Supinger, Consultant, Senate Committee on Budget and Fiscal Review
Jane Wellman, Senior Associate, Institute for Higher Education Policy, Washington,
D.C.
Jim Wilson, Chief Consultant and Staff Director, Senate Committee on Education
Ellie Yapundich, Counseling Faculty, American River College
Karen Zamarripa, Assistant Vice Chancellor, Governmental Affairs, California State
University
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APPENDIX 3: CALIFORNIA'S GRADES IN "MEASURING UP"

In 2000, the National Center for Public Policy and Higher Education (NCPPE) initiated a bi-annual report that grades all 50 states on the performance of their higher education systems. It released a second report card in 2002. Grades are issued in six categories: preparation, participation, affordability, completion, benefits, and learning. All states received "incompletes" for learning because of the unavailability of data on which to make state-by-state comparisons. The Center's report and data are intended to push states to create their own plans for improving performance. Grades are based on results for the state as a whole and not for individual institutions.

California received its highest grade in the **affordability** category. The state received an "A" on affordability in both 2000 and 2002 primarily because of the exceptionally low tuition charged at community colleges, with the state's poorest families needing only 3 percent of their income to pay for community college tuition. The "A" grade was issued in spite of the state's relatively poor performance on providing financial aid to low-income students. State grant aid targeted to low-income families represented only 37 percent of federal Pell Grant aid in 2000 and 47 percent in 2002, as compared to the top index score of 108 percent. The improvement on that indicator over the two years was due to state legislation passed in September 2000 expanding the statewide financial aid program, Cal Grant, into an entitlement program. Any student meeting specified academic and financial guidelines can now receive a full-fee grant at any public or independent four-year college or university, which should ensure California's continued position as the highest-performing state on affordability.

California received a "B+" on **participation** in both reports, with large percentages of young adults (ages 18-24) and working age adults (ages 25-44) enrolled in higher education. However, the share of high school graduates enrolling in college immediately after graduation fell over the two years, from 42 to 34 percent.

The state improved its grade from a "B+" to an "A-" on the **benefits** dimension, representing the economic and social benefits a state receives as a result of having a well-educated population. Thirty percent of Californians ages 25 to 65 have at least a bachelor's degree, which leads to substantial increases in total personal income in the state. Nearly one-quarter of adults demonstrate high-level literacy skills on national assessments. The benefits category is only indirectly related to California's higher education institutions, since it measures educational levels of citizens without regard to their place of education.

Lower grades were received on the dimensions of **preparation** and **completion**; "C-" and "C+," respectively. While a large share of California's young adults graduate from high school or earn a GED, fewer high school students take the upper-level math and science courses that would help prepare them for college as

compared to the higher-performing states, a fact likely relates to the poor performance of the state's 8th graders on national assessments of academic skills. The share of 8th grade students taking algebra increased considerably over the two years, placing California among the best-performing states on that indicator. The "C+" grade on completion in 2002 represents an improvement over the "C" received in 2000. Large shares of California's college freshmen return for their sophomore year, particularly in 4-year institutions. Completion rates are lower, however, with just over half of full-time students completing a bachelor's degree within five years of high school graduation (as compared to two-thirds for the top states). The state awards only 14 certificates and degrees per 100 students enrolled at all colleges and universities. In California and all other states, the "Measuring Up" report reveals major gaps in college opportunities and benefits correlated with race and income.

All 50 states were issued an "incomplete" grade for student learning. There are no data collected on the educational performance of college students that would allow for state-by-state comparisons. While a few states administer some form of standardized test to at least some of their college students, the range of variation and the limited nature of these efforts make it impossible to aggregate or compare the results. The report cites four reasons for the lack of standardized achievement measures at the college level: (1) there is relatively little consensus about what college outcomes should be; (2) performance on any assessment would depend largely on the abilities students had when they entered college; (3) there is a lack of understanding about how to develop appropriate assessment instruments for the college level; and (4) it is difficult to motivate college students to comply with assessment efforts (Ewell, 2000). The more recent report discusses national efforts over the last two years to develop ways to measure college-level learning and to monitor the "educational capital" of each state but acknowledges that reliable measures of learning are a long way off (Ewell, 2002).

**APPENDIX 4: ADDITIONAL INFORMATION ON PARTNERSHIPS FOR
CALIFORNIA HIGHER EDUCATION ACCOUNTABILITY**

UC:

<http://budget.ucop.edu/NP.html>

http://www.lao.ca.gov/analysis_2002/education/ed_28_6440_anl02.htm#_Toc1448257

CSU:

<http://www.calstate.edu/newsline/Archive/99-00/000523-CO.shtml>

<http://www.calstate.edu/PA/oldnews/2000/partnership2000.shtml>

CCC:

http://www.cccco.edu/divisions/ss/partfor_excel.htm

<http://www.cccco.edu/divisions/tris/tris/rp/pfe.htm>

http://www.lao.ca.gov/analysis_2002/education/ed_30_6870_anl02.htm#_Toc1448325

Discussions of all partnerships:

http://www.dof.ca.gov/HTML/Budget02-03/18_hied.pdf

<http://www.ose.ca.gov/whatsnew/02-03budghilites/2002higheredbudget.pdf>