

The NGA National Summit on Improving Postsecondary Education Performance and Productivity

The National Governors Association and its Center for Best Practices propose to the Phil Hardin Foundation to host a national summit on increasing postsecondary education performance and productivity. The summit's objectives are two-fold: 1) to highlight the need to increase the education and research capacity of the nation's postsecondary education system under constrained state fiscal conditions and 2) to map out new state finance, governance, and regulatory policies that can help increase this capacity. The summit will occur in summer 2003.

The National Governors Association and its Center for Best Practices

The National Governors Association, founded in 1908, is the instrument through which the nation's governors collectively influence the development and implementation of national policy and apply creative leadership to state issues. Its members are the governors of the 50 states, 3 territories and 2 commonwealths. NGA's Center for Best Practices (NGA) is designed to help governors and their policy staff develop and implement innovative solutions to governance and policy challenges facing them in their states. The work of the Center, in essence, is aimed at helping governors be better governors.

Influencing the Future of Higher Education

Governors today recognize that a responsive postsecondary education system is crucial to success in the new, knowledge-based economy. NGA's *Influencing the Future of Higher Education* initiative, co-led in 2001-02 by Governors Paul E. Patton of Kentucky and Jane Swift of Massachusetts, is helping to attract and sustain gubernatorial interest and leadership on postsecondary education issues. Specifically, the nation's governors, with support from the Center, are raising the national and state dialogue on responsive postsecondary education policies designed to:

- increase access, learning, and degree attainment;
- build and sustain seamless learning pathways; and
- foster economic development.

This national summit will focus on the underlying incentives affecting postsecondary education's performance and productivity in each of these three priority areas.

A National Summit

Policymakers and institutional leaders should heed the simultaneous convergence of state structural deficits, changing demographics, and the knowledge-based economy's voracious demand for a more educated workforce. These pressures compel state policymakers, including governors, to reorient their accountability policies toward incentives that aggressively accelerate productivity and performance gains. (see attachment A for a related article from the forthcoming March/April 2002 *Change* magazine, authored by NGA staff). Existing data highlight the convergence of these factors:

- *Most states face structural deficits that will limit major new investments in building postsecondary education and research capacity.* Because of the inelasticity in their tax systems, state and local revenues lag behind changes in personal income by at least .5% a year. At least 39 states have structural deficits--revenue is growing more slowly than baseline expenditures. To balance budgets and maintain current spending levels, states either need to increase taxes by .5% or hold growth in spending to about 4.5% rather than the 5% annual growth needed to maintain current services. This estimate doesn't include the reduced revenues states will receive because of cuts in state and local taxes since 1999 or the estimated \$50 billion to \$100 billion states will lose over the next decade because of recent federal legislation repealing the estate tax.
- *The nation faces a deficit of approximately 12 million workers with at least some college by 2020.* This deficit, due to the educational requirements of the knowledge economy and the retirement of the Baby Boom, threatens to be a major drain on the nation's future prosperity.
- *Future regional economic development depends on the utilization of knowledge and ideas.* Clusters of innovation promise to provide fast-growing jobs with good wages, but increased investment in the nation's academic infrastructure (faculty, ideas, discoveries, inventions) is critical to cluster growth.
- *Increased competition in the postsecondary education market.* The landscape of higher education is becoming significantly more varied and competitive. In addition to traditional two-year and four-year colleges, universities, proprietary schools, and corporate and union training, there is a rapidly growing market of Internet-based, distance learning systems and vendor-endorsed certification programs. On-line learning technologies are an increasingly important vehicle to extend student-centered postsecondary learning and credentialing to adult and other "non-traditional" students. In today's more competitive marketplace, these new delivery models have inspired traditional institutions to partner and innovate in ways that increase the capacity and productivity of the entire postsecondary system.

Growing awareness of these increased expectations are driving gubernatorial interest in postsecondary education accountability. Current accountability efforts focus primarily on reporting information about performance ("institutional report cards") and secondarily on the appropriation of marginal new dollars on the basis of performance ("performance-based budgeting"). These efforts are minimum but insufficient conditions to rapidly increase states' ability to increase investments in research and innovation *and* to educate 12 million additional individuals for the knowledge economy in a limited fiscal climate. (Jane Wellman of the Institute for Higher Education Policy summarizes the status of higher education accountability in a forthcoming essay written for NGA). The rhetoric of governors today indicates that recent accountability efforts fall short of the significant gains in performance and productivity needed in the knowledge-economy. (See appendix B for a summary of their discussion during the August 2001 NGA annual meeting). NGA's Center for Best Practices sees its role as helping policymakers identify the finance, regulatory, and governance policies that can aggressively promote increased performance and productivity: deregulation (e.g., charter programs and

campuses), incentive funding (e.g., ease restrictions and increase average student financial aid award, contract with colleges and universities to increase student performance in core college preparatory courses, reallocate base appropriations for institutions on the basis of performance), mission differentiation, funding based on learning outcomes rather than enrollment equivalencies, and cost containment (e.g., incentives to eliminate expensive low enrollment courses and even whole programs, have regents or similar bodies provide bonuses to universities who meet productivity criteria). In addition, the summit will include a policy panel on the organizational capacity needed to implement an incentive-based accountability system.

Objectives

The Center has three objectives for this summit:

1. Begin a conversation among higher education policy leaders about the need to provide more powerful incentives for increasing productivity and performance.
2. Identify more aggressive financial, regulatory, and governance policies from K-12, international tertiary education, the for-profit postsecondary sector, and business and industry that have promise for postsecondary application.
3. Provide visibility to governors and particularly to Mississippi as leaders beginning to address these issues. Mississippi is an ideal location for this national summit. As a result of its work with the Association of Governing Boards, civic, higher education, and political leaders have identified the need for increased performance from their postsecondary education. Specific recommendations call for implementing the types of organizational entities critical for coordinating and overseeing performance-based state incentives.

Format

The summer 2003 summit will be a daylong set of events held in Mississippi. Invited guests to the day's events will include Governors and their key advisors (policy directors or higher education advisors), state higher education executive officers, legislators, and governing board members.

The roundtable will be comprised of several coordinated events:

1. *Introductory remarks by Mississippi Governor Ronnie Musgrove.*
2. *A keynote address.* Invited keynote speaker will describe the knowledge-based economy's need for increased education (Preschool through grade-20) and research capacity in a limited state fiscal environment. Specific needs will include increased science and technology education and research, increased collaboration with elementary and secondary schools to boost all students' achievement and college readiness, increased postsecondary access and attainment at all levels, and increased research in state's growing industry clusters.
3. *A morning policy discussion* between invited Governors and moderated by a national television moderator, and structured in the McNeil/Lehrer News Hour format.

4. *A luncheon.* NGA and the Hardin Foundation will host a luncheon for all participants and invited guests from Mississippi (approximately 125).
5. *Afternoon policy panels.* Policy panels will explore in greater depth the issues raised in the morning's keynote address and policy discussion. During these panels, an expert would present a policy option related to finance, governance, or regulatory incentives. The expert will be someone outside of higher education called on to play the role of provocateur by discussing international strategies, postsecondary for-profit sector strategies, K-12 strategies and strategies from business and industry. The experts' remarks will be followed by reaction from a Governor and his/her state higher education executive officer, and concluding with a facilitated conversation with the audience. Examples of policy panels include (results of 2002 elections will determine final invitations for these panels):
 - The necessary starting point: defining a statewide agenda for higher performance. Texas Governor Rick Perry and Dr. Don Brown, Commission, Texas Higher Education Coordinating Board.
 - Deregulating postsecondary education. Colorado Governor Bill Owens and Tim Foster, Executive Director, Colorado Commission on Higher Education.
 - Incentive funding. Institutions and Students. Kentucky Governor Paul. Patton and Gordon Davies, President, Council on Postsecondary Education.
 - Mission differentiation: California Governor Gray Davis and Dr. Warren Fox, Executive Director, Postsecondary Education Commission.
 - Organizational capacity to coordinate and monitor performance: Mississippi Governor Ronnie Musgrove and Dr. Thomas Layzell, Commissioner, Institutions of Higher Learning.
 - Funding based on learning outcomes: Missouri Governor Bob Holden, Dr. Kala Stroup, Commissioner, Board of Higher of Education
 - Cost containment: South Dakota Governor William Janklow and Robert "Tad" Perry, Executive Director, Board of Regents.
6. *A closing press conference.* To promote broader awareness of the issues raised at this roundtable, NGA wants this roundtable to be a high-profile event. In addition to seeking the participation of governors, NGA's office of public affairs will host a closing press conference.

Deliverables

1. *Issue Brief* on the need for increased performance and productivity and general strategies for state policymakers and institutional leaders.
2. *Papers on the state policy options to increase postsecondary performance and productivity.* Authored by NGA staff and commissioner writers, these papers will address the issues to be discussed during the afternoon policy panels. The papers will be disseminated to all participants and attendees in advance of the meeting.

3. *Meeting proceedings.* NGA will publish the proceedings from the morning policy discussion and disseminate the publication to the larger political and higher education policy communities. All materials will also be available on-line at NGA's web site.
4. *An opinion editorial.* To continue attention to the issues raised at the national summit, as well as extend them to a broader audience, NGA will summarize the key themes of the national summit in an opinion editorial to be placed by NGA's office of public affairs after the meeting.

Partners

To assure that key stakeholders participate in the summit, NGA will seek meeting co-sponsorship with the National Conference of State Legislatures, the Association of Governing Boards, and the State Higher Education Executive Officers. An advisory committee comprised of representatives from these organizations and invited consultants will provide assistance in agenda development.

Budget

NGA's Center for Best Practices seeks \$154,000 for this project. Funds will be expended from July 1, 2002 through December 31, 2003. [See attachment C for an itemized accounting of expenses.] Resources from a proposed grant to the National Science Foundation will augment

Staffing

The project will be carried out under the overall supervision of Dane Linn, director of education policy studies in the NGA Center for Best Practices. Kristin Conklin, a senior policy analyst in the education policy studies division, will assume daily implementation responsibilities. Ms. Conklin has written and spoken extensively on these issues. Prior to NGA, she directed the development of the National Center for Public Policy and Higher Education's 50-state report card.