

Creating a Public Agenda:
Accountability and the New Jersey State Colleges and Universities

Richard J. Novak
Executive Director
Center for Public Higher Education Trusteeship and Governance
Association of Governing Boards of Universities and Colleges

This report was commissioned by the New Jersey Association of State Colleges and Universities as part of its **NJ College Bound 2008** project.

The views expressed are the author's, and the report's recommendations have not been approved by the Association and do not necessarily reflect its views or official positions.

Staff recommendations, based in part on findings in this report, will be considered by the Association's board of directors in fall 2000.

ABSTRACT

New Jersey is among the majority of states requiring statewide and institutional accountability reporting from its public colleges and universities to assure that institutions successfully educate students and spend public dollars prudently. Because the state has been a true national leader in granting autonomy to its public higher education system, passing landmark legislation to do so in 1986 and 1994, new assurances of accountability are both appropriate and necessary — and well within the bounds of the state/higher education relationship.

Nationally, since the mid-1980s, assurance of accountability has focused on measures that assess the learning outcomes of students and the efficiency and productivity of institutions — so-called performance measures. Recently, states have incorporated these measures into the budgeting and appropriations process of public colleges and universities, a practice called performance funding, although at relatively modest levels of funding. Although an increasingly accepted policy and practice, the use of performance measures (and performance funding) tends to be a “utilitarian” measure of higher education’s effectiveness. If performance measures become the only vehicle to assess accountability, the broader public purposes of higher education may be inadvertently ignored.

In New Jersey, the 1994 Restructuring Act led to a “tripartite” system of governance by creating a Presidents’ Council to balance institutional interests, by chartering a new Commission on Higher Education with delineated but limited coordinating authority, and by enhancing the powers of the state college and university boards of trustees. All three entities play significant roles in assuring institutional accountability assurance to the state. The boards must be proactive leaders on several important fronts as corporate bodies independent of both the state and their campus administrations. As they carry out their responsibilities, they must serve as a model for decision-making for the whole campus community. They should be properly viewed as surrogates for the state — delegated to do what the state chooses not to do itself. New Jersey’s board appointment process, which permits out-of-state members and allows for boards to nominate individuals for vacancies directly to the governor, helps to assure high-quality trustees and could serve as a model for other states.

Accountability can also be viewed as service to major stakeholders (or clients). Students come to mind first, but local communities, schools, businesses, and employers are also major clients of the state colleges and universities. To these major stakeholders, a growing responsiveness is evident. Meeting the many needs of the local schools presents the biggest challenge.

Most importantly, there is a need for all states and their colleges and universities to agree upon a public agenda for higher education — an agenda that is focused on state needs and priorities, not only those of today, but those projected into the future. It is from the agenda that a complete process of accountability and institutional responsiveness can be developed — a partnership between public institutions and the state.

In cooperation with the governor, the legislative leadership, and business and civic leaders, New Jersey should seek to create a persuasive public agenda for higher education. Building on the earlier work of the Commission on Higher Education, the public agenda could be the precursor to all other discussions of funding, access, and institutional capacity.

In the absence of a public agenda with a full buy-in of state and higher education leaders, New Jersey should consider several options that will enable the colleges and universities to respond to, and be accountable for, meeting emerging higher education needs, including cost predictability and adequate capacity, as well as state priorities such as pre K-12 reform and teacher preparation.

Recommended for consideration in the report:

- Building an effective public agenda backed by citizens, public officials, business leaders, labor and others to maximize higher education's contributions to the state.
- Continuing to strengthen the trustee appointment process to ensure that trustees are the key link to public college accountability in New Jersey.
- Implementing multi-year state budgeting, or, in lieu of that, an annual compact between the state and the colleges assuring a predictable level of annual appropriations with similar predictability on the amount of tuition increases.
- Creating a state funding allocation model to fund expansion of capacity, as in the United Kingdom, based on a strategic, state-determined, price-based system and student achievement.
- Creating a state strategic incentive fund to reward colleges that accomplish specified objectives on the state public policy agenda.
- Seeking ways to make sure institutions are not penalized for raising private funds and other non-state revenues.

The results of improved lines of accountability include:

- Strong boards of trustees, which lead in providing public accountability.
- Strengthened commitment by institutions to helping solve community and statewide problems.
- Closer ties between strategic investment and emerging needs.
- Demonstrated public accountability regarding shared responsibility for college costs.
- More frequent and better communication between citizens, state and local leaders, and college officials.
- Greater mutual understanding and support among institutional trustee boards and statewide coordinating agents (CHE and Presidents' Council).

Introduction

Mention the term “accountability” as applied to higher education and a number of negative images immediately arise. State legislators see colleges and universities as secretive, over-reactive, and quick to label any external imposition an attack on academic freedom and institutional autonomy. Conversely, campuses view public officials as uninformed and unrealistic. State officials are seen as too impulsive about intervening in their eagerness to demonstrate to taxpayers that only their timely intervention can assure quality and contain skyrocketing tuitions.

Despite these sometimes-negative images, accountability serves important public purposes. It is a public-oriented process that seeks to assure public constituents of the value, effectiveness, and quality of higher education. It not only informs the public about institutional performance, but is an opportunity for colleges and universities to show institutional commitment to continued progress over time.¹ Accountability has been driven in recent years by the concerns of state elected leaders, and sometimes by state higher education boards, about higher education’s quality and performance, and its perceived rising costs. These concerns have led to mandates to colleges and universities for systematic reporting on specified educational outcomes, or performance indicators, which can include measures of institutional efficiency and productivity. More recently, states have tied a portion of state funding to institutional performance. The State Higher Education Executive Officers (SHEEO) note in a new survey that accountability has been an important policy issue for over a decade; its members rank it as the third most important priority issue facing public higher education for the immediate future, a testament to the staying power of the issue.²

For the New Jersey state colleges and universities, accountability is a critical process. It can clarify how effectively public dollars are spent, lead to a better understanding of mutual responsibilities, and build respect between institutions and the State.

New Jersey: A Bellwether State on Accountability and Autonomy

The enactment of two major pieces of legislation — the 1986 Autonomy Law (actually three related bills) and the 1994 Restructuring Act — has positioned New Jersey on the cutting edge in reorganizing the governance of public higher education. Both laws have had a major impact on the state colleges and universities. The Autonomy Law provided flexibility over personnel policies and gave the institutions the ability to contract with outside vendors, make purchases without prior approval, set tuition levels, accept grants and contributions, borrow money, approve investments, and retain investment income — actions and strategies they were unable to pursue prior to the law. The Restructuring Act furthered the autonomy of the state colleges, granting them greater authority over academic issues and legal affairs, and allowing them to make direct budget requests to the State. Most dramatically, it eliminated the state board and department of higher education and replaced them with the New Jersey Commission on Higher Education, an agency with considerably less central authority.

Significant institutional autonomy now exists for the state colleges and universities, tempered only by the Presidents' Council and the Commission on Higher Education in what many call a "tripartite" governance system. It is balanced further by the budget priorities and directives of the governor and the legislature. Authority is vested more clearly with the institutional boards of trustees and presidents — where it should be — especially as the state colleges and universities move to a more market-based competitive environment, where flexibility, local decision-making, and risk-taking are necessary.

The governor and the legislature would not have enacted either the 1986 or the 1994 law without a high degree of confidence in the governance and administration of the state colleges and universities, and a belief that they had matured sufficiently to assume new authority and responsibilities. Prior to 1986, New Jersey was ranked highest among the 50 states in an independent study assessing the extent of state agency controls over its colleges and universities.³ Today, although no updated study has been done, New Jersey would most certainly rank near the highest in terms of budget flexibility and management autonomy. Although other states (most recently Illinois, Oregon, Maryland, and Hawaii) have followed New Jersey's lead by decentralizing higher education governance and management, New Jersey remains a bellwether state on the issue.

With considerable authority and autonomy granted by statute, and absent a strong, regulatory coordinating agency or centralized university system, the state colleges and universities must assure elected leaders and the public that they are responsible stewards of the public's money and can deliver quality education at an affordable price. They must demonstrate that they are accountable and responsible. In New Jersey, as in all states, autonomy and accountability are interrelated.

Accountability and Performance Indicators

Since 1996, all New Jersey public institutions, including the nine state colleges and universities, have complied with the law requiring statewide accountability reports. Furthermore, state law requires each institution to prepare its own annual accountability report, using indicators of its choosing. Some of the indicators collected at the state level and reported by the Commission on Higher Education include both student outcomes, such as graduation rates, and fiscal indicators, such as expenditures per student.⁴ In addition, this academic year, New Jersey instituted a modest level of performance incentive funding (up to one percent of basic appropriations) as a budget and accountability tool for all public institutions, based on reported outcomes on four indicators: graduation rates, articulation and transfer rates, efficiency, and diversified revenues (private fund-raising).

Nationally, performance indicators (or performance measures) are an outgrowth of the "new accountability" movement that began in the mid-1980s. Coming on the heels of the K-12 school reform effort, its proponents expressed concern that college student achievement levels were low and had to show demonstrable improvement; that productivity could increase and resulting efficiencies be documented. The emphasis of this movement has been on outcomes and performance, rather than inputs and processes. Inputs (such as library holdings, and test scores and grades of entering freshmen) were, and remain, vitally important, but not as measures of accountability and less so as measures of quality.⁵

SHEEO reports that 37 states, including New Jersey, now require annual reporting on qualitative and/or quantitative outcome measures, while another seven are planning to do so shortly.⁶ Graduation rates are the most commonly used indicator, followed by professional licensure exam pass rates, graduate placement rates, and total number of degrees conferred. Twenty-two of the 37 states currently tie funding to these performance indicators in various direct and indirect ways, although most do so at relatively modest levels (usually less than 5 percent). A recent *Chronicle of Higher Education* article notes that some states have become very aggressive about tying appropriations to accountability reporting.⁷ Colorado has a proposal to base three-quarters of all new funding on performance criteria, including measures of faculty productivity. Virginia's blue ribbon commission on higher education, which completed its work in early 2000, calls for six-year performance agreements between the State and individual universities that will link state financial support to achievements in core areas, primarily improvements in undergraduate education.

As SHEEO reports, state elected leaders' interest in using performance measures remains strong and shows no sign of abating. They are seen as a powerful force to improve undergraduate education and increase institutional accountability. Some public officials also view performance measures as a way to guarantee that state institutions remain viable and attractive to students in the changing and more market-based competitive environment.⁸

Generally, accountability reporting on outcome measures has been a positive state policy development in higher education. Where differing institutional missions are recognized, where improvements are sought against institution-specific benchmarks, and where reporting requirements have not become too burdensome, performance indicators provide students with useful consumer information and provide institutions with an effective feedback system for continuous institutional improvement.

The Boards of Trustees and Presidents Bear a Prime Responsibility for Public Accountability

The New Jersey state college and university governing boards and presidents have primary responsibility when it comes to accountability, not only because their primary fiduciary responsibilities relate to academic quality, but particularly because their authority has been significantly enhanced in recent legislation.

Too often, a governing board sees its responsibilities ending with the appointment, support, and evaluation of the president. Certainly a board should set institutional goals and policy and ensure strategic planning, work closely and productively with the president, and hold senior administrators accountable for accomplishing the goals, policy, and plans. But there are many more board responsibilities. One of the biggest is to provide a first level of accountability assurance to the state for the institutions they govern. To do so, they must demonstrate the following:

- ▶ candid yet civil behavior in the board room that serves as a model for the whole campus community;
- ▶ a firm understanding of substantive institutional policy issues and time and attention focused on debating and determining policy while not deferring unnecessarily to either state officials or university administrators;

- ▶ a grasp of the fiscal operations of their institutions in order that they might plan strategically for the future, ensure prudent spending of public dollars, justify the cost of education to students, families and the public, and guarantee effective management of human and physical resources;
- ▶ an understanding of the academic programs of their institutions to ensure that institutions achieve (and live within) their individual missions even as they move to serve new emerging markets;
- ▶ support for academic quality, including a rigorous general education curriculum for all students, incorporation of new technologies in the classroom, and attention to faculty work, recognition and rewards;
- ▶ a broad, “non-parochial,” statewide view that shows an appreciation of the impact on other colleges and universities of the actions of their own institutions.

And especially with their individual chief executives, the boards of trustees must demonstrate:

- ▶ a serious effort to identify key stakeholders (clients) and systematically communicate with them, and assure that the institution does its best to provide quality services that demonstrably improve their lives (or the lives of persons for whom the client has responsibility);
- ▶ a willingness to direct university expertise toward the amelioration or solution of community and state problems and other issues within the broad public domain;
- ▶ a commitment to serve those who have not been able to take advantage of direct educational opportunities (the underserved);
- ▶ and with state leaders, an ability to define, negotiate and deliver on a public agenda for higher education.

In order to accomplish the above, the boards of trustees must monitor several key strategic indicators of institutional performance. This should include not only those indicators reported to the Commission, but others, which are sometimes referred to as “dashboard” indicators because a quick scan provides many basic details about the campus.⁹ Some are “inputs” and others are “outcomes.” These could be tailored to each institution and might include such information as expenditures per student, percent of students with internet access, percent of freshman applicants accepted and matriculated, degrees awarded, and the tenure status of faculty. Externally, the boards of trustees should invite public input at designated times during regular board meetings, and hold periodic meetings with board members from sister institutions to understand issues, initiatives, and innovations on other campuses.

The above suggests that collaboration with other institutions should be an important priority. It could also ensure that the “right” investments will be made in educational technology, and that decisions on academic programs will be made at the institutional level and in light of mission and resources, before being submitted to the Presidents’ Council and the Commission. Such actions can prevent a return to a more regulatory environment where State elected officials might be forced to conclude that acceptable and reasonable levels of institutional competition and program duplication have been exceeded.

The ability of the state colleges and universities to address accountability concerns communicates a level of responsibility that can engender the public’s trust. It demonstrates the boards’ willingness to address issues the public cares about — that the public interest is

being served. As they carry out their responsibilities, however, the boards of trustees should not be viewed as having to be accountable to state government. The boards of trustees are surrogates for the State. They exist and are responsible to do what the State cannot, should not, or does not want to do itself (including the assurance of accountability). Rather than be accountable to state government, the boards of trustees must be responsive and communicative to and with the State and its elected leaders. Being responsive and communicative are essential to any public governing board's effectiveness, and failure to do so is a major abdication of authority.

Institutional Accountability to Major Stakeholders

In addition to state-level indicators, any institution should measure itself against its own mission and aspirations. One way to do this is to consider major stakeholders as "clients," periodically assessing their degree of satisfaction with the services provided or purchased. This can include students and employers as well as local communities and schools, the sponsors of research, and the State itself. All directly or indirectly purchase services such as expertise, degrees, knowledge, and tangible research results.

Dennis Jones of the National Center for Higher Education Management Systems¹⁰ and Sandra Ruppert in a study for SHEEO¹¹ combine to provide an inventory of needs for four key clients: students, employers, local governments, and state governments.

Students

State colleges and universities have a primary responsibility to students. In a client-oriented mindset, institutions seek answers to the question, "What is it we provide, or can we provide, that students need and want?" This question is particularly important as student demographics continue to change in terms of age and ethnic diversity.

The primary commodity institutions provide students is access to knowledge, that is, to experts (professors) and courses of study that will provide such knowledge leading to a degree or a credential. Students also want support services such as libraries and computer technology that will help access additional expertise and further knowledge. They also want preparation for meaningful employment in their chosen field of study or academic preparation for graduate or professional school.

Although some students will trade higher tuition for greater convenience, the vast majority of students want access at an affordable price. And although it is a joint responsibility of the institutions and the State to ensure access and affordability, public colleges and universities must strive to keep internal costs low, looking for savings and efficiencies that will translate into low to moderate increases in tuition and fees.

As Ruppert notes, viewing students as customers forces institutions (and state boards) to provide two types of information: consumer protection information and consumer choice information.¹² Information such as graduation rates and articulation and transfer rates between various sectors are important, but so are student satisfaction surveys that assess the convenience and flexibility of course offerings, seek opinions on noncredit workplace skills or further education courses, and gauge the quality and convenience of support services.

Employers

Dennis Jones suggests three things employers as clients desire from institutions:

- 1) educated individuals who can become new employees in their organizations,
- 2) sources of continuing education for current employees, and
- 3) assistance in dealing with specific problems, usually accomplished through a specific contractual agreement.

Ruppert amplifies numbers 1 and 2 by adding that institutions can assess employers' needs by asking their opinions on new graduates regarding workforce preparedness, as well as opinions on the quality and convenience of educational opportunities for current employees.

Local communities

Each institution has an obligation to be accountable to its local community or its region. Jones lists two things local communities, as clients, need from higher education:

- 1) an educated citizenry with the resulting benefits of quality of life, economic betterment, and civic leadership, and
- 2) a local "gateway" to higher education that can help the community better itself or retain the way of life it has already achieved, including access to university expertise and advice ranging from economic development to community planning.

One could amplify number 1 by including the benefits communities receive through faculty and student engagement in community service and service-learning opportunities. And one could add to number 2, the desire of the community to see institutions purchase from local merchants and, when at all possible, minimize competition between campus auxiliary enterprises and local businesses. These latter types of institutional behaviors demonstrate to the community or region that the university cares about the welfare of local citizens and businesses; that it believes in the concept of a "sustainable community."

Assessing the Service Provided by New Jersey State Colleges and Universities to Major Clients

Without question, much of what the state colleges and universities do currently (the inventory of academic programs, the levels of research — no matter how modest, and the public and community service programs) responds to the needs of their major stakeholders. Most notably they have responded to the need to prepare teachers and to collaborate with local schools on K-12 reform and quality issues. They have also made important contributions to the economic health of New Jersey, within local communities and with businesses that operate statewide. Each institution addresses all or part of these in its own service area, consistent with its mission and tradition. In doing so, the state colleges and universities have broadened their services to clients and addressed issues the public cares about, building public trust along the way.

Student access and affordability

How accountable are the New Jersey institutions to students? They have taken seriously the need to bolster quality in student learning and public service. A recently commissioned survey for the New Jersey Association of State Colleges and Universities (ASCU) gives some assurance on the quality of education received.¹³ Over two-thirds of those surveyed feel the

state colleges and universities provide a good or excellent education. Graduation rates are above national averages as a sector and are soon to be reported publicly for each individual institution.

Although they are the fourth highest in the nation in tuition charges — behind the state colleges and universities in New Hampshire, Vermont, and Pennsylvania — it appears that the state colleges and universities have improved productivity and efficiency as a response to reductions in appropriations in order to keep college affordable. On measures of efficiency, productivity and cost, as collected and reported by the Commission, New Jersey state colleges and universities fall slightly below average nationally on expenditures per student for fiscal year 1997, but this is a likely result of lower levels of state appropriations, levels which in large part account for increases in tuition. Currently the eight traditional state colleges charge an average of \$3,586 for tuition, and \$4,717 for tuition and fees. State and federal grant aid helps many students. The recent survey of adults with children found New Jersey state colleges “affordable,” which is reassuring, although 77 percent expressed concerns about rising costs.¹⁴ By having required hearings on proposed tuition increases (by law), each respective institution must justify increases to their student bodies.

Student Transfers

In the areas of articulation and transfer, all interested parties — the Commission, Presidents’ Council, and the state colleges and universities — appear to be making progress for New Jersey students by ensuring smooth transitions from high school to college within institutional sectors. Possible agreements between two- and four-year institutions are under discussion. The state colleges and universities have maintained access for first-generation college students, a traditional responsibility.

Employers

The New Jersey state colleges and universities frequently ask employers how their graduates are doing and how well they are providing continuing education for business and corporate employees. Individual institutions such as William Paterson University and Ramapo College have sought employer feedback, using it in academic program reviews and in the development of worksite classes for employees.

Schools

Local schools are also an important client of the state colleges and universities. Nearly all institutions provide programs in teacher education and all work with schools in numerous ways. The state colleges and universities by many accounts have sought meaningful partnerships, including the pursuit of federal education monies, to help improve New Jersey schools. Nevertheless, there appears to be a slow reaction to new standards-based school reform in regard to college admissions criteria and the need to prepare teachers to teach to the new standards. In working with the schools, there is always room to do more, as nearly everyone recognizes that the underperformance of significant segments of K-12 education is a major problem — in the inner-city schools in particular. The State Department of Education would like to see a greater commitment on the part of the state colleges and universities to school improvement and the preparation of teachers. This will be a continuing challenge.

Economic Development

The recent (May 1999) public opinion survey done for the New Jersey Association of State Colleges and Universities confirmed the importance of the state colleges and universities to local communities and regions. The areas of importance rated highest by respondents were individual opportunities for lifelong learning and growth, followed closely by the employment of citizens in local economies. Not far behind was the availability of cultural and intellectual opportunities offered by the institutions, and the overall stimulus for economic development to the community or region.¹⁵ The diverse benefits state colleges and universities offer to the urban areas are well documented in the 1999 *State College/University Sourcebook*, which summarizes dozens of service, consultation and education programs.

Mission

Despite trustee authority for final approval of academic programs and the responsibilities of the Presidents' Council and the Commission to review and approve programs that are duplicative, costly, or beyond an institution's programmatic mission, concerns about "mission creep" persist. Mission creep refers to an institution aspiring to offer programs and services outside of its stated or statutory mission. Nationally, it is a persistent and contentious state-level issue between flagship and regional universities, two-year and four-year institutions, or public and private institutions when one or more is perceived to be offering the same program to a student market. Adjudicating these conflicts between institutions or constraining the institutional ambitions of one campus that conflict or compete with the programs of another is a continuing dilemma for states. Particularly in light of the realities of greater market competition, heavy-handed efforts to overly regulate missions and programs are being rethought by state officials.

Since the Restructuring Act, the state colleges and universities appear to have been responsible to New Jersey and its citizens in regard to mission. Some, most notably Rowan University and The College of New Jersey, have moved into new markets or carved out programmatically a special segment of the student market. The general consensus is that the state colleges and universities have generally acted responsibly — have not attempted to move outside their mission or service areas in reckless or careless ways.

In Partnership with the State: The Public Agenda

Not surprisingly, Dennis Jones lists the State as a major client of public institutions. In this regard the State's primary concerns include the following:

- 1) providing access to educational opportunity,
- 2) assuring an adequate supply of educated individuals to fill positions of leadership and expertise in the private and public sectors, and
- 3) promoting education and research as a means of sustaining economic growth and quality of life.

Although the budget is the major tool states use to leverage change, it is not the only, nor necessarily the most effective, one. Efforts by states to assess system-wide and institutional performance, and efforts by institutions to evaluate their own outcomes, can be enhanced if such assessments occur with an eye on the future and within the broad context of state needs

and priorities. It is important for states to ask: What is the public agenda for higher education and how is it determined?

The public agenda for higher education defines the public purposes that should be served by public and private institutions — individually and collectively. It seeks a greater alignment between the aspirations and resources of institutions with the needs and resources of the State, resulting in a “compact” between state government and higher education on a whole host of desired outcomes. Ideally, a public agenda is a joint endeavor and the result of negotiation between key leaders — the governor, legislature, key civic and business leaders, and presidents and trustees of a state’s higher education system — with an eventual vetting with the broader public. Moreover, its time frame and concern is well beyond the immediate budget cycle — it considers issues not only of today, but those of 10 and 20 years from now.

Few states undertake such an endeavor to create a public agenda for higher education. The more common approach is the development of statewide master plans or planning processes heavily dominated by institutional viewpoints, and a lesser focus on state needs and priorities. Another approach is the creation of blue ribbon commissions that may or may not be charged with a comprehensive review of their higher education system in light of state needs and priorities. The public colleges and universities of Illinois in cooperation with the Board of Higher Education have formulated the “Illinois Commitment,” one of the best efforts to develop an agenda for higher education that is linked to state needs.¹⁶ Maryland is also trying to better link its statewide higher education plan and institutional strategic plans to the needs of the state after a thorough examination of its higher education system in 1998.¹⁷ The New Jersey master plan for higher education, developed by the Commission on Higher Education in 1996 and updated in 1999, and the Commission’s 1998 capacity study come closest to defining a public agenda for higher education in New Jersey, but a full buy-in from the State and institutions is not apparent.

Recognition of such a role for the state colleges and universities in a state agenda appeared in the work of the Advisory Commission on Investing in the State Colleges in 1994.¹⁸ Stating explicitly that fulfilling public objectives was necessary for demonstrating accountability for the public’s investment, the commission found that, “the colleges ... must devis(e) explicit and aggressive plans to meet state needs in the education and public service areas, in order to hold the public’s trust,” and recommended, “That the state define and articulate the public purposes of higher education as a tax supported enterprise; and that each campus’ board of trustees set mission-related standards for achievement within the context of a more explicit state definition of higher education’s value and purposes.”¹⁹

As noted earlier, the state colleges and universities meet public purposes (and serve stakeholders) every day by providing educational opportunity, graduating students, preparing teachers, conducting research, and spurring economic growth. But in the absence of a defined public agenda and in recognition that much within the Commission’s state plan remains unrealized, a number of major decisions appear to be neglected, or at best made on a piecemeal basis. Most important among these are decisions regarding population and enrollment growth; workforce needs for a changing state economy that will be based more and more on knowledge and information (as noted in the Governor’s 2000 State of the State

address); serving the needs of underserved populations; reviving the inner cities; strengthening K-12 education; ensuring an adequate number of well-prepared teachers; developing strategies to link more closely university research to the needs of new start-up as well as existing businesses; and devising strategies to target university policy research in a timely and useful manner to specific state problems. As for the “right” governance structure to deliver on a public agenda, there appears to be no need for changes, particularly as the current structure continues to evolve and strengthen itself.

It is important that the state colleges and universities (particularly the leadership: presidents, boards, and collectively the New Jersey Association of State Colleges and Universities) continue to define their “piece” of the public agenda, whether or not it is a truly “negotiated” agenda or not.

Other important issues should be included on this public agenda. What is the literacy rate in New Jersey and where are needs concentrated? What is the condition of children in the state, and if overall it ranks favorably in comparison to other states, what disparities exist among counties and cities that programs of higher education could address? Questions regarding civic responsibility should be asked. Are colleges instilling a sense among their graduates of the shared responsibilities of living in a democratic society? Tom Ehrlich calls this dynamic civic and moral learning that leads to a sense of community and ethical action.²⁰ Instilling such values comes not only from classroom and real-life experiences, but from the example the university itself provides through its own civic contributions to the community.

The New Jersey state colleges and universities must also address issues about the natural environment and a sustainable future: To what extent have the state colleges and universities examined curricula to see how single disciplines can integrate ecological literacy into the curriculum? And how are the colleges modeling their own behavior for students and their surrounding communities when it comes to their environmental “footprint:” recycling programs, energy consumption, and balancing assistance to stakeholders on economic growth issues with assistance on environmental stewardship and sustainability? Some of the institutions have begun to ask such questions through the New Jersey Higher Education Partnership for Sustainability.

The above suggests that the state colleges and universities may have to examine the definition of the successful graduate of the future. Self-assessment instruments have been devised on sustainability and been suggested for civic engagement. As has been keenly observed, without such an effort by higher education, the accountability agenda will continue to focus on performance measures, such as graduation and transfer rates, that are much more utilitarian.²¹

Partnership for Access, Funding and Capacity

All aspects of the public agenda require a partnership with the State, but the areas of access, funding, and capacity are critical.

Access and funding

A recent national study notes that many states, including New Jersey, have structural deficits that are currently masked by the current levels of economic growth and expansion. Because

their state tax structures do not reflect or capture the growth occurring in *per capita* income, state revenues are less than they could be. In the long run, current services may not be sustained at their current spending levels. The study's author believes that higher education will be especially disadvantaged in this environment.²²

The New Jersey economy is currently healthy, but as in all states, susceptible to events outside of the state's control. In addition, there will likely be a continued aversion to higher taxes that will prevent major new spending initiatives on public services, including higher education, even though the state ranks second in *per capita* income.²³ The objective in this environment should be to craft a budget process that can provide predictability and stability.

The state colleges and universities of New Jersey remain public entities primarily by the size of the state financial commitment and by virtue of the appointment process to the governing boards. Continued declines in the share of State dollars to the institutions has raised concerns, however, among many trustees and presidents that the "public nature" of the state colleges and universities may be lost as the State's share of institutional revenues declines. Currently the State share of education and general expenditures is 55 percent, down from 70 percent a decade ago. The final arbiter of the public nature of the institutions is, of course, state law, and within the law there is no question or ambiguity that the state colleges and universities are public (state-owned) entities. Yet there is growing concern that the state colleges and universities — without the statewide identity of Rutgers, the University of Medicine and Dentistry of New Jersey and the New Jersey Institute of Technology, and without the broad-based local support and direct job oriented/economic development connections of the county colleges — will become a lesser priority within the state higher education system. What can be done to overcome these obstacles?

Institutional Capacity

If policymakers in New Jersey wish to build in-state capacity to respond to the projected increase in high school graduates, the State could consider the approaches outlined in the 1998 capacity study by the Commission. They could provide incentives to increase the institutional capacity of public institutions (and of private institutions as well) by spending more for facilities and faculty (most likely the most expensive option and to some degree, inevitable), increase student opportunities for distance or on-line education from both in-state and out-of-state providers (requiring some added investments in the Higher Education Technology Fund and to the New Jersey Virtual University), or build on the concept of collaborative university centers in underserved areas that can provide a combination of on-site and distance learning.

To increase institutional capacity in a systematic and cost-effective manner, state policymakers could employ an approach developed and used by the Higher Education Funding Councils in the United Kingdom. In the U.K., the funding councils price the cost of educating new students (negotiated with the universities, but a figure set by the councils, not by institutions) and provide an allocation to colleges and universities based on the price and the number of new students educated at each. Rather than making an up-front allocation to institutions for educating more students, the allocation comes as students complete each academic year. Thus, there is built in accountability in the allocation process. To increase

graduates in strategic areas of need (such as new teachers, high-tech workers, or engineers, for example), the U.K. determines the price to pay for each new student (again, usually based on average cost in the discipline and negotiated with the universities but a figure set by the councils) and then adds a premium (extra money) as an incentive for the institutions to recruit and educate the students in these key areas. Premiums are also given for educating lower income students. Again, the allocation of dollars is made upon a confirmation of the number of actual students who complete the program each year. Allocations are made lump sum and any savings can be kept by the colleges and universities and used for other purposes. Institutions are not bound to adhere to the numbers of students they promise to educate at the beginning of the academic year, but they are held accountable at the end of each year and do not receive a full allocation if they don't.²⁴

Recommendations

The following recommendations are suggested for the legislature and governor and the State, generally.

Building a persuasive public agenda for higher education in New Jersey

With the governor's office taking the lead, the legislature, Commission, Presidents' Council, and trustee leaders, with input from business leaders and other stakeholders, should strive to create a public agenda for higher education. The public agenda should not focus on the needs of institutions but be based on an assessment of future state needs and priorities. The agenda could build upon critical issues raised in the state plan for higher education by delving more broadly and deeply into these issues as well as others yet to be identified. In this vein, a number of broad social indicators (such as poverty rates, income levels, and the condition of children) are needed to provide the context of the state's current and future condition to which the New Jersey higher education institutions can respond. After agreement on a dynamic, data-driven agenda, a plan of implementation between the State and its institutions could be developed with a system of accountability built around the responses of institutions to the agenda's key elements.

Assuring access through basic State support

New Jersey is recognized for its high State student aid to offset relatively high tuition. But in light of potential future fiscal difficulties, New Jersey needs to provide more predictable funding to the state colleges and universities, and subsequently, the state colleges and universities need to devise a process for students that provides predictability on tuition. Two options should be considered:

- 1) state multiyear budgeting for public institutions, and
- 2) an agreement that the State will guarantee a specified, stable, and predictable level of appropriations to the state colleges and universities if institutions in turn hold tuition increases to a reasonable measure, such as growth in personal income.

The second option, involving a compact, is in fact what has already taken place over the past several years between the State of New Jersey and the New Jersey county colleges. Whether or not a public agenda is developed, the first option could allow institutions to do longer-term planning than is now the case (which can include tuition setting) and allow both institutions

and the State to plan around mutual policy goals. The second option could help to achieve the two-thirds State, one-third student share for funding recommended by the Carnegie Commission on Higher Education over 25 years ago and adopted by the New Jersey Commission on Higher Education — or it could, at least, help halt the further erosion of affordability. If the State does not offer such proposals to all institutions, then individual state colleges on their own should seek unilateral agreements with the State, based on mission and market circumstances. Such unilateral agreements could also include negotiations to grant even greater autonomy in desired areas.

Seriously examine the United Kingdom (and other funding models) to help fund new capacity

Assuming accurate projections on the numbers of new students have been done, New Jersey officials need to estimate what proportion of these students will probably attend college and, of those students, which will probably attend in-state. To increase institutional capacity, the legislature and the governor should examine the U. K. funding model in close consultation with presidents and trustees as a way to assure accountability and moderate costs to the State. New faculty could be added, if necessary, to accommodate growth in the numbers of additional students, but only as money is allocated for completion of study. A price structure and funding could also be developed for distance-learning students and for students educated at collaborative university centers.

Make the most of an exemplary process of trustee appointment

In the 1994 Restructuring Act, New Jersey formalized and made legal a process that can serve as a model for other states to emulate. The process calls for the governing boards themselves to determine (within reasonable limits) the needs of their boards in terms of size and membership. Boards can be as large as 15 members and can self-nominate individuals for vacancies, including up to three alumni members from out-of-state. Both actions require assent of the governor and confirmation by the senate. Certainly in cases where a board is not functioning properly, self-nominations may be rejected because they may be forwarded with little consensus within the current board. Nevertheless, the governor and the legislature should closely adhere to what is an excellent selection process, so it can succeed and set a precedent for succeeding elected leaders.

Creating a State strategic incentive fund

Aside from awarding State monies for progress on specific performance indicators, the legislature should consider creating a *strategic incentive fund* and award dollars to institutions for meeting certain aspects of the public agenda. This could include goals and incentives for educating more students, graduating more students in strategic areas, collaborating with other institutions, meeting the needs of the underserved, or providing research in desired areas of economic growth. The fund could require a match of private or institutional dollars. Money from the fund could also be used to encourage innovation and incentives for institutions to set their own benchmarks on mission-specific indicators of quality and accountability. The fund should have a limited number of priorities each annual funding cycle so its impact is not diluted. Ideally, the fund will consist of additional dollars beyond operating funds, but if that is not possible, a small percent of the operating budget should be set aside for such purposes.

Reward colleges for raising private dollars and other non-State revenues and for prudent management of reserve funds

The State should continue to encourage and support efforts by the state colleges and universities to raise private dollars. An expected performance indicator in this area serves as an appropriate incentive to do so, as does the recently passed incentive endowment and grant funds that provide State matching funds for successful private fund raising. In addition, lawmakers should encourage and support institutional efforts to hold contingency reserves for appropriate use in the next possible recession. These reserves should not be viewed with skepticism or envy by state budgeters, nor be a reason to withhold operating funds. Likewise, as endowments grow with increased success in raising private dollars and within the parameters of strategic financial planning, the governor and legislators must not view their size as reasons to reduce yearly appropriations.

The following recommendations are suggested for the New Jersey state colleges and universities and for the New Jersey Association of State Colleges and Universities.

Create a climate conducive to maintaining institutional autonomy

To assist in further realization of the goals of current law, the New Jersey Association of State Colleges and Universities should focus annual or biannual trustee conferences more clearly on governance processes and academic policy issues to better educate and orient trustees and those state officials who regularly interact with trustee boards or their representatives and create a greater awareness of statewide issues. Similarly, each board of trustees should conduct, if it does not already do so, an annual board retreat with its president to assess its own performance on all aspects of its responsibilities and commit itself to strive for continuous improvement.

Strengthen the partnership with pre-K-12 education

The state colleges and universities must continue to build results-oriented partnerships with pre-K-12 education, partnerships that better link the content of higher school standards with admission policies. They should develop a strategy to prepare adequate numbers of quality teachers and school administrators in light of recently approved higher standards, and provide required in-service training to schools more effectively by better linking discipline-based faculty with teachers.

The presidents of the state colleges and universities should assume a more visible leadership role on K-12 education reform, school partnerships and teacher education, possibly commissioning their own report on the issues involved, with suggested actions both for their institutions, as well as for the State. One possibility would be for the campuses to analyze all partnership programs already in place with the goal of seeking both gaps in service and points where joint efforts could be focused. At a minimum, the presidents should be connecting their institutions with the governor's initiatives on school mentors and the Character Education Partnership.

Strengthen a commitment to broad public purposes

Each state college and university should create a campus commitment to broad public purposes by lending expertise through service learning and faculty engagement to help

address community and statewide problems, including those of the inner cities of New Jersey, and by instilling civic responsibility, ecological awareness and principles of sustainability within all graduates of all academic disciplines. New sets of measures could be defined to assess the progress of the state colleges and universities in the above areas, and data collected systematically. In the interim, expressed board interest, periodic self-assessments, and public reporting would show accountability to these broad public purposes.

Activities on sustainability should better connect the efforts of institutions with the governor's initiatives on sustainable development, watershed protection, land preservation, and air and water quality. The presidents should become visible advocates of higher education sustainability and help lead their respective institutions in curriculum change, recycling programs, and principles of "green" design, particularly with the availability of new capital monies.

Tie institutional strategic planning to client needs

At most institutions, strategic planning engages the major internal stakeholders of the institution (faculty, staff and students) and only intermittently involves major external stakeholders. The boards and presidents of the state colleges and universities should conduct — or continue to conduct, if they have already done so — strategic planning that involves major clients (business, regional and community interests, and schools) to ensure that their needs are accounted for in the planning process. If New Jersey develops a public agenda for higher education in the years ahead, then strategic planning processes should flow logically from that agenda and from the engagement of a full spectrum of stakeholders.

Create institution-specific strategic funding programs

The boards of the state colleges and universities should continue to create and nurture their own institutional strategic funds by setting aside a small percentage of the operating budget at the beginning of each fiscal year. The funds could be used as a policy tool to reward faculty and academic departments, and for addressing board-identified priorities unique to accomplishing the mission of the institution.

Create public forums

The state colleges and universities should regularly and systematically assess their services to major clients by holding periodic "town meetings" and focus groups or conducting surveys with students, graduates, and employers (or have the NJASCU do so for the collective). The NJASCU should also undertake a public education program, including further public polling, on the value of the state colleges to the future of the citizens of New Jersey.

Demonstrate accountability on college costs

To demonstrate accountability on college costs, the state colleges and universities need to maximize shared purchasing and consortia arrangements among themselves or institutions in their region. Each institution should conduct periodic and systematic individual cost studies overseen by the board and include such data as costs compared to national peers, costs by academic discipline, and benchmarks with previous years' costs. As stated earlier, the state colleges should attempt to hold tuition increases to changes in some index of personal disposable income, assuming a guaranteed level of adequate State support.

Foster mutual support for policy goals among boards of trustees, the Presidents' Council, and the Commission

The success of the boards is inseparable from the success of the Presidents' Council and the Commission on Higher Education. The presidents and the boards of trustees of the state colleges and universities should support an effective Commission and Council, and seek ways to reinforce mutually desirable policy goals.

Conclusion

The Autonomy legislation and the Restructuring Act accomplished most of what was intended — increasing the ability of the state colleges and universities to improve and deliver educational services to New Jersey citizens. There has been too much time and positive momentum for the State to regress to the pre-1986/94 period of greater central control over the state colleges and universities. Autonomy and the primary responsibility for accountability are where they belong, at the institutional level with the boards of trustees and the presidents. The granting of even further autonomy by the governor and the legislature, such as the authority to negotiate labor contracts, will depend on the institutional performance in current areas of authority. For now, such new authority will probably have to wait.

Higher education in New Jersey is watched very closely by educators and officials in other states. The dramatic restructuring of 1994 caught the attention and imagination of state and higher education leaders from around the nation. There were many who predicted that it would fail; some still predict it will. Skyrocketing tuition, mission failure, unbridled competition, and loss of access would be the signs that institutions are not accountable. This is not the case in New Jersey. However, for restructuring to continue to succeed, the state colleges and universities must continue to be vigilant about keeping costs as low as conceivably possible to foster access, maintaining a commitment to quality and a focus on their basic mission(s), and seeking collaborations with as many partners as possible. Individually and collectively, in order to be responsive to a rapidly changing student marketplace, they must act responsibly in the long-term public interest of the citizens of the state. If they do not, independence from the governor, legislature and other state authorities, as well as funding, will be in jeopardy. If they do, New Jersey is likely to be a leading state in building an efficient public system of higher education. All indicators point to an accountable, responsible group of institutions led by strong trustee boards, serving more clients and fulfilling a large piece of the public agenda, but with even greater connections to broad public purposes possible.

General References

- Burke, Joseph C. *Performance-Funding Indicators: Concerns, Values, and Models for Two- and Four-Year Colleges and Universities*. Nelson A. Rockefeller Institute for Government, State University of New York, Albany, NY. 1997.
- New Jersey State College/University Sourcebook 1999*.
New Jersey Association of State Colleges and Universities, 150 West State Street, Trenton, NJ.
- The Capacity of New Jersey Higher Education*.
New Jersey Commission on Higher Education. Adopted March 1998.
- The Five Year Assessment of Higher Education Restructuring*. New Jersey Commission on Higher Education and New Jersey Presidents' Council. Trenton, NJ. July 1999.
- Focusing on Higher Education Outcomes: The Third Annual Systemwide Accountability Report*.
New Jersey Commission on Higher Education. November 1998.
- Fourth Annual Systemwide Accountability Report*.
New Jersey Commission on Higher Education (revised draft). January 2000.
- Looking to the New Millennium, New Jersey's Plan for Higher Education*. October 1996.
- McGuinness Jr., Aims C. *Restructuring State Roles in Higher Education: A Case Study of the 1994 New Jersey Higher Education Restructuring Act*.
Education Commission of the States. December 1995.
- Mingle, James A. *Will Investments in Higher Education Pay Off in Kentucky?*
Speech to the Kentucky Postsecondary Council of Postsecondary Education. 1999.
- New Jersey's Plan for Higher Education: 1999 Update*.
New Jersey Commission on Higher Education. July 1999.
- Novak, Richard J. *The New Jersey State Colleges' Success in Achieving Operational Autonomy: Accountability and the Ability to Govern Fully*.
American Association of State Colleges and Universities. 1989.
- Orr, David W. *Earth in Mind: Ecological Literacy: Education and the Transition to a Postmodern World*. State University of New York Press, 1994.

Endnotes

- 1 This definition is adopted from the California State University's *The CSU Accountability Process*, November 9, 1999.
- 2 SHEEO Agency Issue Priorities and Trends, State Higher Education Executive Officers, (Denver, January 2000).
- 3 Matsler, Franklin. *State Fiscal and Personnel Controls Among AASCU Institutions*. Center for Higher Education, Illinois State University, 1985.
- 4 Fourth Annual Systemwide Accountability Report, New Jersey Commission on Higher Education, December 1999.
- 5 Paige Mulhollan's *The New Accountability*, published by the American Association of State Colleges and Universities in 1987, remains one of the best descriptions of the transition from the old to the new accountability. Many would still say the old accountability still prevails as a sign of quality or that the process and procedure to address an issue still outweigh its substance.

- 6 Ruppert, Sandra S. *Focus on the Customer: A New Approach to State-Level Accountability Reporting and Processes for Higher Education*, State Higher Education Executive Officers. (Denver: 1998).
- 7 *Chronicle of Higher Education*, January 7, 2000, pages A29, 42.
- 8 Ruppert, *ibid.*, p. 3.
- 9 Massey, William and Taylor, Barbara. *Strategic Indicators for Higher Education 1996*. Princeton, NJ: Peterson's Publishing. 1996.
- 10 Jones, Dennis P. *An Alternative Look at the Cost Question*. National Center for Higher Education Management Systems. July 1999, and Sandra S. Ruppert, *Focus on the Customer: A New Approach to State-Level Accountability Reporting and Processes for Higher Education*, State Higher Education Executive Officers. (Denver, 1998).
- 11 Ruppert, Sandra S. *Focus on the Customer: A New Approach to State-Level Accountability Reporting and Processes for Higher Education*, State Higher Education Executive Officers. (Denver: 1998).
- 12 *Ibid.*
- 13 A Report to New Jersey Association of State Colleges and Universities. Penn, Schoen & Berland Associates. June 1999. The survey measured general public perception, not individual satisfaction.
- 14 *Ibid.*
- 15 *Ibid.*
- 16 *A Citizens' Agenda for Illinois Higher Education; the Illinois Commitment*. Board of Higher Education, State of Illinois. 1998.
- 17 Statewide Results Report, Illinois Board of Higher Education. December 14, 1999.
- 18 Commissioned by the Association of State Colleges and Universities, then named the New Jersey Governing Boards Association.
- 19 *Renewing the Public Investment, Final Report and Recommendations of the Advisory Commission on Investing in the State Colleges*. October 1994.
- 20 Ehrlich, Thomas. "Civic and Moral Learning," in *About Campus*. (American College Personnel Association) September-October 1999. pp. 5-9.
- 21 Wellman, Jane V. *Contributing to the Civic Good. Assessing and Accounting for the Civic Contributions of Higher Education*. The New Millennium Project, Working Paper. The Institute for Higher Education Policy. July 1999.
- 22 Hovey, Harold A. *State Spending for Higher Education in the Next Decade, The Battle to Sustain Current Support*. The National Center for Public Policy and Higher Education. July 1999.
- 23 1997 Department of Commerce figures as reported in *State Fact Finder 1999*, compiled by Kendra and Hal Hovey, (Washington, D.C.: Congressional Quarterly).
- 24 This information is based on a December 1999 meeting with officials from the U. K. co-hosted by the Western Interstate Commission for Higher Education and the State Higher Education Executive Officers, with further explication by James Mingle and Arthur Hauptman.