

Reflections on Postsecondary Governance Changes

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Viewing Changes from a Long-Term Perspective

The last 25 years of the 20th century witnessed fundamental changes in state postsecondary education structures. These changes reflect broader societal trends, including shifting economic conditions, as well as movements in the prevailing views about the role of government in domestic policy. Notwithstanding these changes, though, certain policy issues appeared consistently in the debates about governance throughout this period.

Changes Reflecting Broader Societal Trends

A few states established statewide governing or coordinating structures in the first half of the 20th century, but the most dramatic increase in states with these structures occurred in the 1960s. Two forces spurred these changes:

- Pressures to manage proliferation of institutions and programs, and to curb unnecessary duplication as states responded to dramatic enrollment increases
- The prevailing public management approaches of the time emphasizing rational planning and quantitative analysis.

By 1971, all but four states (Delaware, Michigan, Nebraska and Vermont) had established either statewide governing boards encompassing most, if not all, their public institutions or statewide coordinating boards.

A requirement in the federal Education Amendments of 1972 that states establish postsecondary education planning commissions in order to be eligible for planning and other categorical grants spurred a number of states to revise their structures. Later in the 1970s, severe economic conditions led states to turn more to regulatory policies such as mission definition and program review in efforts to get institutions to contain costs and eliminate unnecessary duplication.

As the economy improved in the early 1980s, a shift occurred in the prevailing views about the role of government in not only postsecondary education but also other dimensions of state responsibility. Reflecting what later became known as the neo-liberal approach to public policy, political leaders began advocating decentralization, deregulation and privatization balanced by increased reliance on performance measures and incentive funding to ensure responsiveness of institutions to public purposes. These trends were reflected in changes in the statutory mandates of state higher education agencies as illustrated in Figure 1.

Figure 1: Changes in Underlying Assumptions about the State Role in Postsecondary Education

A SHIFT FROM:	TO:
Rational planning for static institutional models	Strategic planning for dynamic market models
Focus on providers, primarily public institutions	Focus on clients, students/learners, employers and governments
Service areas defined by geographic boundaries and monopolistic markets	Service areas defined by the needs of clients served by multiple providers
Tendency toward centralized control and regulation through tightly defined institutional missions, financial accountability and retrospective reporting	More decentralized management using policy tools to stimulate desired response (e.g., incentives, performance funding, consumer information)
Policies and regulation to limit competition and unnecessary duplication	Policies to “enter the market on behalf of the public” and to channel competitive forces toward public purposes
Quality defined primarily in terms of resources (inputs such as faculty credentials or library resources) as established within postsecondary education	Quality defined in terms of outcomes and performance as defined by multiple clients (students/learners, employers, government)
Policies and services developed and carried out primarily through public agencies and public institutions	Increased use of nongovernmental organizations and mixed public/private providers to meet public/client needs (e.g., developing curricula and learning modules, providing student services, assessing competencies, providing quality assurance)

During the recession of the late 1980s and early 1990s, some states reverted to the more regulatory approaches reminiscent of the recession in the 1970s, but as the economy recovered, the basic trends begun in the 1980s reemerged.

Recurring Policy Issues

Governance changes often occur because of – or are heavily influenced by – societal trends, as summarized above. But throughout the past half-century, remarkably similar policy issues have triggered most significant reorganizations.

Changes in Political Leadership

Newly elected governors often propose state government reorganization for both substantive and symbolic reasons. Since the mid-1980s, governors have played an increasingly aggressive role in shaping postsecondary education policy and reorganization to improve public accountability and efficiency. Less frequently, reorganizations are triggered by changes in party control in the state legislature or at the initiative of legislative leaders.

Long-standing “Irritants” in the Politics of the State Postsecondary Education System

These irritants tend to be long-standing problems that may fester for years but then, especially at points of changes in political leadership or severe economic downturns, they trigger debates, lead

to special study commissions and often eventually result in full-scale reorganization. Examples of several of the most common issues are:

- **Access to high-cost graduate and professional programs.** In most states, regional economic, political and cultural differences present serious challenges to state policymakers. These regional stresses are amplified and played out in conflicts within the states' postsecondary education systems. A common scenario begins with pressure from a growing urban area to have accessible graduate and professional programs. Subsequent local campaigns and state lobbying efforts to expand these initiatives from a few courses to full-scale programs and then new campuses lead to opposition from existing universities and other regions. The same scenario often plays out when isolated rural areas struggle to gain access to programs for place-bound adults. Local and regional end-runs to the governor or legislature to get special attention either to advance or block such initiatives usually spark political struggles that inevitably lead to major restructuring proposals.
- **Conflict between the aspirations of two institutions (often under separate governing boards) in the same geographic area.** Again, conflicts tend to be over which institution should offer high-cost graduate and professional programs. Major reorganization proposals, usually mergers or consolidations, frequently occur after years of other efforts to achieve improved cooperation and coordination.
- **Political reaction to institutional lobbying.** As governors and legislators face politically difficult and unattractive choices to curtail rather than expand programs, intense lobbying by narrow, competing institutional interests can spark demands for restructuring. Political leaders seek to push such battles away from the immediate political process by increasing the authority of a state board, with the hope that the board will be able to resolve the conflicts before they get to the legislature. The reverse situation also occurs frequently. A state board will act to curtail an institutional end-run and then face a legislative proposal, frequently stimulated by the offending institution, to abolish the board. Short-term victories gained through end-running the established coordinating structures usually lead to greater centralization.
- **Frustrations with barriers to student transfer and articulation.** Cumulative evidence that student transfer between institutions is difficult, or the number of credits limited, often leads to proposals to create a "seamless" system. Before the mid-1990s, most of the reorganization proposals were limited to postsecondary education (e.g., consolidating institutions under a single governing board), but an increasing number of states are debating proposals to create P-16 (primary through postsecondary education) structures.
- **Concerns about too many institutions with ill-defined or overlapping missions.** At issue may be small, isolated rural institutions or institutions with similar missions in close proximity to one another. The governance debates often emerge from proposals to merge, consolidate or close institutions or to make radical changes in institutional missions. The intense lobbying and publicity by persons who oppose the changes often lead to proposals for governance changes. In some cases, the proposals are to abolish the board that proposed the changes. In other cases, just the opposite is proposed – to increase the board's authority out of frustration with its inability to carry out a recommended closure or merger.
- **Lack of regional coordination among institutions (e.g., community colleges, technical colleges, branch campuses) offering one- and two-year vocational, technical, occupational and transfer programs.** Many states have regions or communities where two or more public institutions, each responsible to a different state board or agency, are competing to offer similar one- and two-year programs. In the worst situations, this may

involve a postsecondary technical institute, a community college and two-year lower-division university branches competing for an overlapping market in the same region.

- **Concerns about the current state board’s effectiveness or continuing relevance to state priorities.** Reorganizations often result from efforts to change leaders or leadership styles. As illustrated by the brief summary of changes over the past 25 years, state leaders tend to see the importance of statewide coordination in times of severe fiscal constraints, but when the economy is strong and these leaders face fewer difficult choices among competing priorities, the relevance of state agencies is less evident. Common triggers for change include:
 - A sense that a board, or its staff, is ineffective or lacks the political influence or judgment to address critical issues facing the state, which are often one or more of the other perennial issues. They may be perceived as unable to resolve problems before they become major political controversies, or they may have handled difficult issues poorly in the past.
 - A desire to change leadership style or underlying philosophy of the state role. This may be a reaction to aggressive, centralized leadership and an effort to shift to a more passive, consultative leadership approach – or the reverse. The change may be to move from a focus on administrative, regulatory or management issues internal to postsecondary education to a focus on policy leadership relative to a broader public agenda.
 - State leaders also may propose reorganization not because the structure has problems but simply to change the leadership or personalities involved in the process.

“Public Interest” States vs. “Regulatory” States

Based upon the formal changes in state structure summarized above, as well as other more subtle changes in the authority and influence of state postsecondary education boards taking place, what is increasingly evident is the distinction between two kinds of states:

- States in which the state board has made the transition from the regulatory coordination of the past to a new role of policy leadership in the public interest – a transition that is recognized and supported by both policy and postsecondary education leaders.
- States in which the state board remains mired in the policies and regulatory practices of the past, and there is little current demand from the state’s policy leaders for an independent state agency focused on policy leadership in the public interest. Consequently, these state boards are increasingly irrelevant to state postsecondary education policy.

States that have successfully made the transition from regulatory coordination to policy leadership in the public interest share certain characteristics:

- Policy leaders (the governor and state legislative leaders) recognize the fundamental distinction between the public interest in higher education and the interests of the postsecondary education institutions and sectors. It is not that these leaders see the public interest and institutional (provider) interests as necessarily in conflict; in contrast, they recognize the need for an independent state board focused on ensuring an *alignment* of the institutional interests with the public interest.
- State board members insist on a consistent board focus on the public interest, and understand the distinction between the public interest and institutional perspectives.
- Institutional leaders recognize the value of advocacy of the public interest in postsecondary education as a complement to institutional advocacy. While not always supporting the

actions of the state board, these leaders recognize that effective policy leadership in the public interest is in the long-term interest of the institutions.

- The public agenda is focused on the link between postsecondary education and the needs of the state's population, and the state's economy and quality of life. The state boards most often lead in shaping these agendas, using information to define the major demographic, education and economic challenges, and building consensus among the state's policy, business and education leaders around a set of long-term goals.
- Willingness to reach beyond the state's public institutions to draw on multiple and often unconventional providers, as well as new modes of provision to ensure the state's postsecondary education needs are met.
- Links between financing policy and other market-oriented incentives and the public agenda. State boards in these states play central roles in ensuring links between the budget and the priorities defined in the public agenda.
- Use of information not only to shape the public agenda, but also to monitor and report to the public on progress toward goals.
- Consistent attention to the public agenda over a multi-year period spanning two or more election cycles. In each of these states, the board has played a role in shaping an agenda with wide, bipartisan support thereby ensuring leaders from both parties will sustain the focus on key priorities.
- Partnerships linking postsecondary education policy to K-12 through K-16/K-20 leadership groups and networks, as well as ones linking postsecondary education and economic development/workforce development.

In contrast, in those states that have failed to make the transition, there is little current demand for postsecondary education policy in the public interest. The state boards, whether coordinating or governing, remain bound by statutory mandates and modes of operation defined as long as 25 years ago. In addition:

- Coordinating boards in these states remain focused primarily on *coordinating public institutions* and core staff capacity is focused on the regulatory tasks of program approval and review, budget analysis and on administration of state and federal categorical grant programs. Little attention is given to shaping and building consensus around a public agenda, few connections are made between public priorities and budget/resource allocation, and links with K-12 and workforce development are driven more by externally funded initiatives than by the board's leadership and priorities.
- State-level governing boards in these states remain focused primarily on *internal system and institutional issues*. Institutional advocacy more than advocacy of the public interest is the highest priority – especially when the board perceives a threat to institutional interests. The boards responsible for systemwide collective bargaining find themselves deeply involved in issues of human resource policy. The weight of policies and practices built up over many years severely limits the capacity of these boards to shift to the broader role of policy leadership in the public interest.

As emphasized by the foregoing summary, the capacity of a state to make the transition to a state-level structure focused on policy leadership in the public interest depends fundamentally on the demand for such a transition by the state's leaders. A number of trends, however, are working against this demand, including:

- **Growing perception that postsecondary education is a private good.** This perception is reinforced by the increasing evidence of the individual benefits in terms of increased lifetime earnings of those with postsecondary education coupled with the increasingly independent, “private” behavior of public institutions. States are moving away from their traditional roles as “owner-operators” of public institutions and, for pragmatic as much as ideological reasons, are moving to selective subsidy of either institutions or students. This selective subsidy is linked to a narrower definition of how postsecondary education contributes to the public good. Examples include subsidy of students for access or performance or targeted subsidies related to workforce development, regional economic development, and applied research and technology linked to the state’s economy.

These changes call for an entirely different approach to the state role in postsecondary education than the one prevailing at the time when most state coordinating and governing boards were established. Rather than overseeing a set of public institutions that were perceived as critical to the public interest, state boards are being called upon to oversee initiatives to ensure an increasingly “private” system responds to a more sharply defined set of public priorities.

- **Turnover in state government leadership.** State coordination as it evolved in the mid-1900s presumed a degree of stability in the structure and leadership of state government. A small number of key leaders in each state were responsible for shaping the structures established in the 1960s and 1970s. The continuing success of the structures they shaped depended, at least partially, on the ability of these people to remind each generation of political leaders about why the structure was formed and the basic values that should guide state-institutional relationships. Today, few of the people who shaped the current structures are still in positions of influence. The influx of many new players makes it difficult to sustain mandates over time as new players ignore or seek to change their predecessors’ actions.

The turnover in legislators, accelerated in many states by term limits, has increased the focus on short-term issues and the influence of interest groups with the political and financial clout to shape legislative agendas. There are few demands for a long-term agenda spanning more than one election cycle. In this environment, lobbying by individual institutions for support from local legislators – always a reality of state postsecondary education politics – can have far greater impact than an effort by a state board to advance a long-term agenda for the public interest. In short, there is no audience for the broader public agenda.

- **Development of alternative sources of analysis.** In the 1960s and 1970s when many of the state postsecondary education agencies were first established, governors and legislators turned to these entities as sources of independent, objective analysis and advice. There was a clear understanding among policy leaders that the unique culture and complexity of postsecondary education required a capacity for analysis that was unobtainable through executive branch or legislative staff.

Now, the situation has changed dramatically. Governors’ budget staffs have specialized competence to review and analyze postsecondary education issues and legislative staff competence also has increased. Legislative turnover has strengthened the influence of legislative staff agencies as the tenure of staff members is often far longer than the elected members. State postsecondary education boards, especially boards that have not made the transition to a public interest focus, are often perceived as “just another interest group,” rather than as sources of objective analysis and recommendations. Policy leaders are more inclined to turn to their own staffs or to external consultants than to the state board.

- **Increasing challenge of finding and retaining competent professional leadership for state coordination.** A state board’s strength depends, in part, on its ability to develop and sustain a long-term agenda over several political cycles and to build a continuing consensus

around the agenda among the state's leadership. The board's ability to conduct objective, independent policy analysis and policymaking is a key tool in this process. The skills needed to lead a state board today from the perspective of *policy leadership in the public interest* are fundamentally different from those of the past when the task was primary *coordination of institutions* and regulatory oversight.

Yet the capacity of state boards to attract and retain these leaders is increasingly problematic. In the period from 1998 to mid-2002, the state higher education executive officers changed in 29 states. While frequent turnover has always been a characteristic of these difficult positions, the pace of change has clearly increased. In some cases, this instability can be attributed to the increased political involvement in the appointment process. In the 1990s, several states modified their structures to give governors a more direct role in appointing either the state board chairmen or the executive officers. The price for increased responsiveness to public priorities in the short term, however, may be a high degree of instability as political leaders and priorities change.

A more fundamental problem is the limited opportunities for a new generation to develop skills necessary for these positions. Experience at a junior level at a state board still focused on the coordinating and governing tasks of an earlier time is unlikely to develop the skills needed for leadership in the new environment. At the same time, neither experience as an institutional president nor as a political leader or staff member likely to provide the skills and substantive background for policy leadership in the public interest.

- **Increasing difficulty in obtaining board members with sufficient influence and background to lead from a public interest perspective.** As emphasized above, those states that have made the transition to policy leadership in the public interest are characterized by strong policy leaders (governors and state legislators) who are committed to change and by strong effective board members who understand the difference between public interest advocacy as opposed to institutional advocacy. Lacking a clear demand for the public interest perspective, however, governors tend to make their strongest appointments to the more prestigious institutional boards.

Conclusion

Viewed from a long-term perspective, changes in state postsecondary education structures reflect changes in the prevailing views about changes in the economy, the role of government and the unique political issues facing each state. The most significant trend over the past 25 years has been a shift in the basic assumptions about the state role in postsecondary education – from a focus on oversight and control of public institutions to the use of financing policy and incentives to meet the needs of the state's population through multiple institutions and modes of provision.

The extent to which states have made the transition from *coordination of institutions* to *policy leadership in the public interest* varies significantly across the country. Many states remain mired in the regulatory and governance modes of the past. The extent to which states make the transition will depend greatly on the demand from the public and policy leaders for such a change, and on the development of a new generation of board members and professionals with the knowledge, skills and commitment to lead in the new policy environment.

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