



**MAKING
OPPORTUNITY
AFFORDABLE**

INVESTING IN COLLEGE ACCESS AND SUCCESS

March 5, 2009

To my MOA Colleagues,

Coming off what seems to have been a successful meeting of MOA state advisers, mentors, support staff, and Lumina staff in San Francisco February 12-13, I thought it might be useful to write a brief paper about what we have done over the past several months and what we need to get done by the end of summer 2009.

Kristin Conklin and Jimmy Clarke have kindly read the paper and offered advice that has made it better. I welcome your reactions and advice as well.

I am reminded of a US Navy term, possibly obsolete: SITREP, a "situation report." That is what I've tried to make this brief paper.

Gordon Davies

Learning Year SITREP

The fiscal crisis changes things.

We knew the educational demographics when we began: college attainment rates too low, the need to replace an existing cadre of "baby boomers" in the workforce, an older generation with higher educational attainment than their successors, the eroding position of the United States among other developed nations in preparing a skilled and knowledgeable citizenry.

But few if any of us foresaw the incredible economic collapse that has imperiled millions of workers and families here and abroad, and that indeed threatens the very foundations of nations whose failure was unthinkable. "It can't happen here." But it did.

Suddenly the context is different, with several consequences for the MOA project. First, of course, is the enormous distraction caused by revenue shortfalls in almost every state and in the federal government. State team members, most of whom have key positions in government, higher education, or the private sector, are dealing with deficits, revenues that have decreased sharply from last year to this and are forecast to decrease further next year, and stimulus packages whose details are not entirely clear. All this while they are seeking to maintain threatened elements of our social and physical infrastructure (jobs, health care, transportation systems, education at all levels, and more).

President Barack Obama has pledged significant assistance to make postsecondary education available to everyone, asking all adults to participate in at least one year's education beyond high school and asserting that dropping out of high school is a disservice to the nation. His goals are our goals but states have a large role in determining exactly how stimulus money will be spent.

At the very time we want to make higher education affordable, extend opportunities to greater numbers of women and men (including many who are already in the workplace but lack 21st century skills and knowledge), and increase the productivity of colleges and universities (through re-allocation of spending and new approaches to teaching and learning), higher education is threatened by lower appropriations. President Obama has spoken eloquently about its crucial importance, but education beyond high school often is viewed by state leaders as a discretionary expenditure. It is relegated to peripheral status when money is tight.

Policymakers tend to accept across-the-board budget cuts by colleges and universities in response to revenue shortfalls, instead of asking that institutions identify inefficiencies and opportunities for greater cost-effectiveness. This pattern of behavior should change in light of the growing imperative for the states and the nation to act urgently and more boldly in developing human talent.

The worse it gets, the more important our work.

If there were no financial crisis our work still would be important because of the nation's changing population and accumulated layers of social inequity that have developed over the past half century. Institutional ambition, misleading measures of status and prestige, and dysfunctional reward systems would be our greatest obstacles.

But there is a financial crisis – not just another downturn in the endless economic cycle of good times and bad – and this makes our work even more important.

1. We need to give people opportunities to acquire more sophisticated work skills so this nation can reclaim intellectual – and especially scientific and technological – leadership in the world. We cannot flourish as a large consumer-driven economy that buys more than it sells. We need to do this so people will have jobs that are collectively and individually productive, so they can care for their children and families, and participate in the civic activities of a democratic nation. We need to emphasize the importance of all postsecondary credentials, particularly those at the sub-baccalaureate level. A large number of “middle skills” jobs always have been essential to a strong economy and are an important path to greater opportunity and mobility for millions of workers and their families.

This is called **increased attainment: more people with college degrees and other credentials.**

2. We need to increase attainment with little or no new money, while spending less money on average for each degree or other credential. Our nation will not recover quickly from its financial crisis and, when it does recover, we will be part of a different global economy. Except for stimulus funding, higher education will not see large appropriations increases in the foreseeable future, and should not expect to be funded at the same level per credential for the results it is called to produce. But if we do not act quickly to re-allocate money, help students find lower cost postsecondary opportunities, and introduce new approaches to teaching and learning, our economic recovery will be slower and more difficult.

This is called **reduced unit costs: more of the right credentials -- the ones that result in personal and collective economic well-being -- at a lower average cost per credential.**

3. We need to ensure that students are learning what they need to know. There will be a temptation to dilute quality in order to reduce unit cost. No one wants to do it but some will. States should adopt assessment procedures that are based upon the good work that has been done over the past decade (for example, the National Survey of Student Experience, the Collegiate Learning Assessment, and WorkKeys). They should enter into discussions with the European nations about their efforts to establish a multi-national assessment process (the Bologna Process).

This is called **outcomes assessment**: measuring whether we are meeting the needs of students, the states, and the nation.

Good things are happening.

Several states report that their teams are coalescing and focusing on the work to be done. Despite obvious pressures to respond in traditional ways to budget shortfalls (reducing enrollment or limiting growth, raising tuition without concomitant increases in financial aid, slashing presidential salaries), a number of states are responding with new ideas. Interestingly, a number of initiatives are underway in states that are not formally part of MOA. This raises the possibility of extending the program to create “affinity groups” that include other states. We could learn from them and extend the reach of our work beyond the 11 states.

Some noteworthy initiatives are occurring within the MOA project.

1. Ohio, Texas, Tennessee, and Indiana are proposing to spend a much larger portion of state funding to reward institutions for their rates of course, degree, and certificate completion – as much as 25 percent of state funding for public senior institutions and community colleges in Ohio.
2. Both Mississippi and Tennessee are working to deliver key courses on-line to expedite student progress and improve persistence. (“Remedial mathematics” is a good example of what have been called “bottleneck” courses: the ones that impede the flow of students toward degrees or certificates. If they can be delivered on-line with flexible schedules and access to personal help when needed, students are more likely to persist and succeed in their programs.)
3. Montana is creating a networked consortium of community and technical colleges that will better serve people who live far from college campuses. Arizona is building the data and advising systems that will expand pilot projects in which students earn a majority of their credits for a bachelor’s degree at a lower-cost community college.
4. California is analyzing student persistence to develop incentives that will increase instructional productivity.
5. Maryland and Wisconsin are seeking to improve transfer among institutions to better support under-served populations – and reduce the amount of wasted academic credit, time and money that students and taxpayers incur.
6. Colorado is supporting new models for finding, re-enrolling, and accelerating the progress of adults who have earned a lot of college credits but have not earned a degree or certificate.

While MOA states use their Lumina funds to pursue these strategies, additional opportunities could contribute to increased completion rates and lower per unit costs.

1. Tennessee's legislature is considering consolidation of higher education governance into a single system in order to streamline operations.
2. Wisconsin Governor Jim Doyle's budget proposes to increase tuition and, at the same time, increase the statewide need-based aid program enough to protect families making less than \$60,000 a year.
3. Texas' legislature is considering reinstating its tuition-setting authority to curb rapid increases, particularly at its flagship institutions. The legislature is also weighing its options for mandating transfer agreements, which currently are voluntary and relatively inefficient.

More remains to be done.

1. In Making Opportunities Affordable, Lumina has chosen wisely to focus on three priorities:

- Rewarding institutions for their completion rates;
- Improving the efficiency of academic programs and administrative functions; and
- Reducing unit costs so state systems can serve more students.

This is a good set of priorities. States that adopt them will be better able to address the major challenges they face in difficult times. We get the behavior we reward.

As the project approaches its mid-point, states and their advisers need to be aware that selection to receive continuation grants will be based in large part upon how effectively they have addressed these three priorities.

2. We have to figure out how to combine some of the tools available to us and use them effectively at the state level. A "Student Flow" model that helps track student persistence and progress, a way to analyze how money is spent by colleges and universities, and a funding formula that pays for performance are among the tools that are available to the states participating in the MOA project. But as someone said at the San Francisco gathering, "Just because you make the tools available, doesn't mean you have the capacity or political clout to use them."

The tools need to be integrated carefully and presented effectively to stakeholders in each state. Political, business, and higher education leaders need to be convinced that attainment, increased efficiency, and unit cost reduction are important priorities. Then they need to be convinced that these tools and others will help in changing state policies and procedures.

States that have identified key objectives (called "nuggets" in this project) need to decide whether the tools mentioned above are relevant to their immediate work. Do all states have an obligation to consider these and possibly other tools and adapt them to their use? That is a question that has not been raised or answered.

But state policy-making is complex and difficult. This is not a matter of simply importing packages from a website.

3. If a state team can help its leaders focus on the three goals (attainment, quality assurance, and unit cost reduction), the project is more likely to survive changes in office-holders. Further, the advisers and state teams need to emphasize the ways in which the Lumina priorities discussed above will help the states meet the goals.

It is not clear that governors and senior members of the legislative bodies of the 11 participating states have bought in to the goals or the project's priorities. President Obama's implicit endorsement of similar goals will help, but work has to be done within each state to gain support at the highest political levels.

4. MOA needs a way to encourage those states from the original 11 that are not awarded continuing grants. These states are at least sufficiently interested to have submitted reasonable first proposals. They could help build a network of states around the three goals of MOA. Certainly, the states that are not chosen to move ahead with project funding should not be dismissed from the conversations convened by Lumina. Their experience is useful and their presence among the states willing to consider substantive change is important.

Several states that are not participating in the MOA project are nonetheless working on initiatives compatible with the project's goals. Some of the noteworthy initiatives in other states include:

1. Louisiana's new budget formula, which includes provision for substantial performance-based funding. Oklahoma has done something similar, although more modestly.
2. South Dakota's requirement that students take a portion of their coursework on-line.
3. North Carolina University System's requirement that institutions reduce costs and re-invest the funds to improve attainment. (This is also being done in the University of Maryland system and by Northern Kentucky University.)
4. Virginia's substantial improvement of transfer rates, and transfer processes, from community colleges to senior institutions. (Washington also is making substantial improvement in transfer.)
5. Louisiana's shift of resources to the Louisiana Community and Technical College System by exempting the system from budget cuts required of the other three higher education systems.

These states, and perhaps others, might be invited to help form the "affinity groups" mentioned earlier in this paper.

The more states engaged in MOA, the more apt we are to build a critical mass.

Thanks to all.

This is a big project. It is probably accurate to say that no one engaged in it knows everyone engaged in it. For the state teams, and for many of us serving as advisers and mentors, MOA is like the elephant being described by five blind persons: it depends on which parts you touch.

Nonetheless, most advisers report continued interest among state team members and growing awareness of why the project's goals are very important. This is very important because, of course, our work has to be successful at the state level.

This is a good project. The state teams and their advisers are making progress. While it is difficult to comprehend fully all the activity in the 11 states, we seem to be moving in the same direction. It is important that we continue to communicate with one another, to share questions and problems, and to look for answers and solutions. I personally am grateful to everyone.