

creating a new **COMPACT**  
Between States and Public Higher Education



# TASK FORCE ON MAKING PUBLIC HIGHER EDUCATION A STATE PRIORITY

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The Task Force on Making Public Higher Education a State Priority extends its appreciation to two scholars who informed this report: David Tandberg, assistant professor of higher education, Florida State University, and Michael K. McLendon, associate dean and professor of higher education policy and leadership, Southern Methodist University.

Gratitude is extended to the Task Force on Higher Education Government Relations, consisting of government relations professionals from two- and four-year public colleges and universities from throughout the U.S. and who informed the work of this report.

Appreciation is extended to The College Board for its support of the AASCU Political Perceptions and Policy Priorities Project, of which this report is a part, and to Cisco Systems for providing its TelePresence convening capabilities to the Task Force on Making Public Higher Education a State Priority.



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A Report by the AASCU Task Force on Making  
Public Higher Education a State Priority



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# F FOREWORD

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**A**mid the longest post-recession recovery since the Great Depression, and the rising economic prominence of countries around the globe, the U.S. must chart a path that ensures its ability to remain a leader both economically and democratically.

What has made our nation strong in the past must also serve as the foundation for its future: building the most well-educated and highly-skilled workforce in the world, powered by an affordable, accessible and high-quality public higher education system. Looking forward, the challenges associated with fostering the human capital needed to lead the world are daunting. Our nation's global ranking in educational attainment has slipped considerably. Current trends portend a shortage of millions of qualified workers to meet our nation's future workforce needs. College participation and graduation rates are far from satisfactory. Our nation's future workforce will reflect a vastly different demographic than past generations; this new demographic will comprise populations whose rates of college enrollment have not been high, but whose future enrollment and success will be integral to a skilled workforce and strong economy.



It is evident that in order to build a globally competitive workforce and for individuals to reach the middle class, completion of some type of postsecondary education or credential is required, yet the price of a college education is increasingly being put out of reach. Although many factors have contributed to increased college tuition prices, it has been the slipping priority of higher education in states' budgets in recent decades that has accounted for much of the cost shift in who pays for college—a shift from states to students and their families.

This trend must be reversed. The relationship between states and public higher education must be reset if the U.S. is to chart the right path to the future. Sufficient, predictable and sustained state investment in public colleges and universities is essential to leveraging the full capacity of these institutions to foster American opportunity, ingenuity and prosperity.

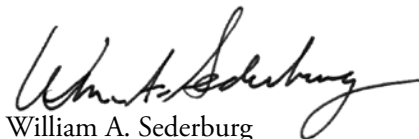
In an effort to identify strategies for strengthening the relationship between state government and public higher education, the American Association of State Colleges and Universities (AASCU) has appointed a Task Force on Making Public Higher Education a State Priority. Comprised of leaders with extensive higher education experience at the campus and state level, as well as in elected office, the task force has sought to: explore the political context within which higher education operates; recommend strategies for establishing a new compact between states and their public colleges and universities; and identify strategies for advancing higher education as a state investment priority.

The task force recommends that leaders from state government and public higher education create a new compact built on a foundation of mutual understanding, trust and accountability. With these principles in place, state and campus leaders must craft a shared public agenda that meets state needs, broadens college access, makes college more affordable, improves student outcomes and ensures academic quality.

We hope this report will spark dialogue at the state and national level and that it will provide some thoughtful guidance on how to elevate higher education as a state investment and policy priority. And we hope that it is acted on with a healthy sense of purpose and urgency. The transformative effect that America's public colleges and universities have on individuals' lives and on the economic and social fabric of our communities, states and nation must be preserved. Nothing less than America's future is at stake.



Muriel A. Howard  
President, American Association  
of State Colleges and Universities



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# EXECUTIVE SUMMARY

## **A Legacy of Support for American Public Higher Education**

Throughout our history, Americans have placed their confidence in public colleges and universities to strengthen and revitalize our communities, states and the nation. As the U.S. builds an economic foundation in the second decade of the 21<sup>st</sup> century, it is clear that our national economic security must be sustained through a workforce with the knowledge, skills and creativity to adapt to an ever-changing global marketplace. To achieve this future, policymakers must look to the successes of the past—opening the doors of opportunity by providing access to an affordable, high-quality public higher education.

## **Eroding State Support for Public Higher Education**

In recent decades, state financial support for public higher education has declined on a multitude of measures. The status quo of the higher education financial model—declining per-student state funding, escalating tuition rates, and increasing student debt—is inadequate in today’s knowledge-based economy and for our nation’s changing demographics and workforce needs. The U.S. faces a paradox in which state policymakers’ strong rhetorical support for public higher education is misaligned with the support it receives as a state investment priority. The state-to-student college cost shift will soon put an affordable college education—along with the aspirations of millions of people to join the American middle-class—increasingly out of reach.



## **Establishing a New Compact Between States and Public Higher Education**

A new compact between state government and public higher education must be created to fully leverage the capacity of public colleges and universities to fortify the economic

security of our states and nation, as well as the democratic foundation that underpins our society. The new compact must represent a shared commitment to broaden college access, make college more affordable, improve student outcomes and ensure academic quality. Higher education leaders and state officials must work collaboratively to craft a shared public agenda predicated on mutual understanding, trust and accountability.

### **Challenges Higher Education Must Address to Establish a New Compact**

College leaders must address public higher education's change-averse reputation, especially as it involves online and other alternative educational delivery models. It is essential that institutions embrace innovative program delivery models that can educate more students, enhance learning outcomes and reduce instructional costs. College leaders must also respond to misperceptions policymakers may have about higher education and develop a shared understanding of critical higher education priorities in their state.

### **Four Commitments Higher Education Leaders Can Make Toward a New Compact**

Higher education leaders can take the following four actions to reassure state policymakers of their commitment to an affordable, accountable and high-quality public higher education system. Establishing a new compact will require dedication to these obligations as well as an equal commitment by state policymakers to provide consistent and sustained financial investment and support for the policy needed to achieve shared state goals.

- *Make Institutional Accountability the Foundation of a New Compact.* An institutional orientation that fuses accountability and performance for taxpayer-provided monies and students' tuition dollars must serve as the foundation for a new state-university compact.
- *Build an Institutional Agenda Linked to State Needs.* Work actively with state policymakers to shape an ambitious, forward-looking state agenda tied to state needs.
- *Address College Affordability Concerns.* Amplify efforts to help policymakers better understand the cost of higher education; factors that influence costs; institutional efforts to control costs; and the state's role in providing institutional operating support and need-based financial aid to keep college affordable.
- *Convey Institutional Outcomes.* Communicate institutional and system-wide outcomes and achievements using the most accurate data available in order to build trust and support among policymakers and the public.



## Accounting for State Political Dynamics in Forging a Higher Education Agenda

Understanding the larger context within which political and higher education leaders operate is essential to crafting a new compact. Elevating higher education as a state budgetary priority ultimately requires tough choices and actions by political leaders functioning in a political environment. Higher education leaders must understand this landscape and be willing and able to assist political leaders who are navigating within it.

## Seven Strategies to Elevate Public Higher Education as a State Investment Priority

College leaders and advocates can utilize a number of strategies to strengthen the relationship between public universities and state government, fortify higher education's ability to serve the state and encourage increased state investment in public higher education.

- *Align Messaging with the State Agenda.* The messages sent by the public higher education community to state leaders must be simplified, emphasizing the integral role these institutions play in building the state's future.
- *Communicate the Public Good of Public Higher Education.* College advocates must make the case for public higher education as a public good that yields broad economic and social returns on state investment.
- *Encourage Others to Speak for Higher Education.* Utilizing the voice of key beneficiaries of public universities, especially business leaders, to discuss the value they derive from an affordable and high-quality public higher education system, can bolster efforts to increase state investment.
- *Utilize a Strategic Institutional State Relations Program.* An institutional state relations program carried out in cooperation with the state higher education system's efforts is an effective means of conveying an institution's mission, policy priorities and commitment to serving the state.
- *Establish a Public Engagement Master Plan.* Creating a new compact requires a comprehensive plan for engaging all constituencies, not just those confined to the state political and policymaking sphere, therefore, establishing a public engagement master plan should be an institutional goal.

- *Champion the Vital Role of Public Comprehensive Universities.* Those who advocate on behalf of public comprehensive universities should communicate the essential role these institutions play in educating the populations that will drive our future economy and their efficiency in generating high-quality and comparatively low-cost degrees.
- *Emphasize Collaboration and Cooperation among Education Sectors.* Meeting the growing needs for higher education requires contributions from every sector of higher education and strong collaboration between postsecondary and K-12 education.

### **Acting with Urgency in Establishing a New Compact**

The time to act is now. The economic and societal implications of establishing a new compact between states and public higher education are enormous. Creating a long-term state higher education investment strategy is not a matter of simple institutional self-interest, but rather a requirement for ensuring state and national economic competitiveness and a vital democracy.

# INTRODUCTION

## A HISTORY OF INVESTMENT IN AMERICAN PUBLIC HIGHER EDUCATION

Throughout our nation's history, political leaders have placed their confidence in higher education to build and strengthen our states and communities. The United States was founded by many who had attended or graduated from college, thus integrating into our nation's fabric early on an understanding of the importance of education. President Abraham Lincoln signed the Morrill Act during the Civil War, establishing a national network of land-grant colleges. In the 1940s, the G.I. Bill provided hundreds of thousands of returning veterans with the skills needed to retool the post-war economy. The creation of state colleges in the late 19<sup>th</sup> and 20<sup>th</sup> century and community colleges in the 1960s and '70s vastly expanded the student population and helped meet regional and community workforce needs. Further, the Higher Education Act of 1965 and the subsequent establishment of the Pell Grant Program built upon the gains of the Civil Rights era by emphasizing students' access to college and enabling state colleges and universities to greatly expand the numbers and diversity of the students they serve. The new G.I. Bill, passed in 2008, has facilitated the career aspirations of thousands of post-9/11 veterans.



Throughout much of the 20<sup>th</sup> century, state political leaders joined federal policymakers in placing an emphasis on investing taxpayer dollars to build accessible public higher education systems. During the 1960s, '70s and '80s, states invested billions of new dollars to build higher education systems as we now know them. A collective outcome of these movements and the huge investment they represented was a consensus that public higher education is a public good intended to serve and elevate the aspirations and potential of all citizens, not just the wealthy or academically gifted.

A legacy of political support for public higher education has allowed public colleges and universities to meet our nation's challenges and shape its future. The emphasis on access to higher education required that these institutions evolve and adapt to meet the needs of all students. The results are time-tested and unambiguous: When the U.S. invests in its people, individuals are more productive, businesses more innovative, economies more vibrant, and communities more prosperous.

As the second decade of the 21<sup>st</sup> century unfolds, the U.S. is experiencing a period of profound change, challenge and uncertainty. The American economy today is being threatened by an increasingly competitive global economy, high unemployment and stagnant wages. The American middle class, the bedrock of our economy, continues to erode while income inequality continues to escalate. Persistently elevated unemployment has been matched with a cruel irony of high-skilled, high-wage jobs going unfilled for lack of qualified applicants, contributed in part by a misalignment between the types of college degrees produced and labor market needs. College-educated workers are increasingly needed to fill jobs, yet the cost of obtaining a college degree is of growing concern to students and families.

The challenges associated with increasing college attainment are particularly acute for minority and low-income populations. The college participation and completion rates among some fast-growing minority populations, particularly Hispanics, are unacceptably low and insufficient to keep pace with economic demands. Children from families in the bottom income quintile have only a 34 percent chance of enrolling in college—compared with a nearly 80 percent chance among children in the top quintile—and are only 20 percent as likely to earn a college degree.<sup>1</sup> Left unaddressed, the long-term ramifications are troubling, given that it is these very populations that will represent a growing proportion of the nation's future workforce.

Together, these circumstances provide a clarion call for states and the nation to again turn to and invest in public universities to build a knowledge-based, high-skilled workforce that empowers individuals and drives American competitiveness in the decades ahead.

## **THE GRAND PARADOX—STATE LAWMAKERS’ STRONG RHETORICAL BACKING OF PUBLIC HIGHER EDUCATION WHILE SIMULTANEOUSLY REDUCING FUNDING**

Despite acknowledgement by state lawmakers of the essential role public universities play in setting states and the nation on a firm economic foundation, we have witnessed a gradual erosion of state investment in public higher education. The current environment can be defined as a “Grand Paradox”—a contradiction between what most elected leaders say is needed for a better future and the willingness to financially support the institutions that will create that future.

### **Lawmakers’ Rhetorical Support for Public Higher Education**

There are two parts of the Grand Paradox. The first represents a shared consensus among lawmakers that a well-educated citizenry and accessible public higher education are critical to state and national economic prosperity. Our state political leaders know that the success of their states and communities depends on having more college graduates. They understand the connection between the new economy and the knowledge and skills provided by public higher education. They know we need to conduct more research and commercialize discoveries. On a personal level, public officials value their college experience. They want their children to attend college and graduate. They fight to have higher education institutions located in their district. They publically voice support for their local institution.

Some illustrations:

- Recognizing the importance of boosting national educational attainment rates and the role state appropriations play in keeping college affordable, President Barack Obama has called on state policymakers to make higher education a higher priority in state budgets and for institutions to control costs;<sup>2</sup>
- The National Governors Association proclaimed that governors are “aware that their postsecondary education system is one of the state’s most valuable economic assets,” and that “Colleges and universities play a critical role in state economies through the production of workers in critical occupations, the conduct of research, and the dissemination and commercialization of new knowledge;”<sup>3</sup>

- A Blue Ribbon Commission of the National Conference of State Legislatures called for the country to “rethink its investment in higher education and to reenergize the system so that all citizens have access to a high-quality and affordable education.” The commission urged state lawmakers to make higher education a priority and included recommendations for strengthening their relationship with the state’s public colleges and universities;<sup>4</sup>
- An analysis of 50 gubernatorial “state of the state” and inaugural addresses (given by those newly elected) delivered in 2013 shows that 31 referenced economic and workforce development goals explicitly involving higher education and 47 included higher education-related priorities,<sup>5</sup> and;
- Governors, state legislators and higher education officials in states throughout the country have come together to create ambitious degree attainment goals tailored to meet their states’ workforce and economic goals. Thirty-six states have adopted significant goals.<sup>6</sup>

### **The Political and Funding Reality**

The second part of the paradox is that amid state lawmakers’ strong rhetorical support for public higher education, states have slashed their investment in public colleges and universities. There are multiple measures of this state disinvestment:

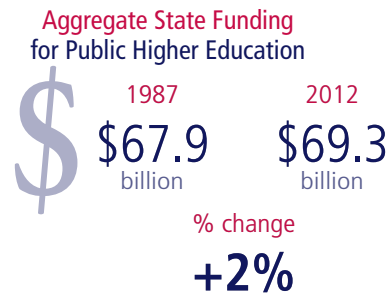
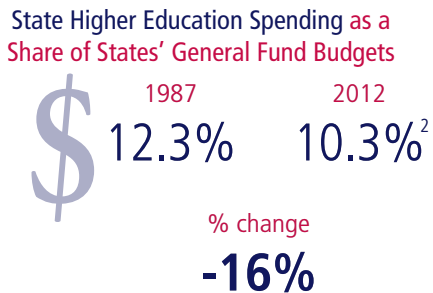
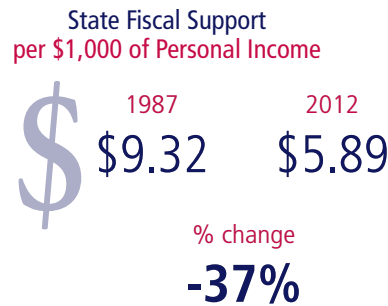
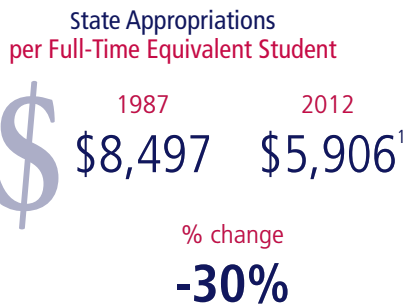
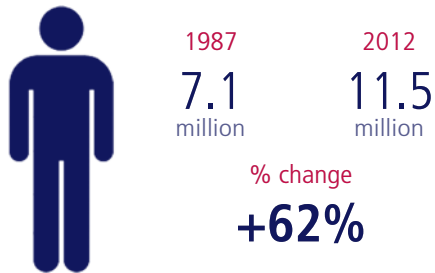
- State fiscal support for higher education in 2012 is at the 1966 level, measured per \$1,000 of personal income.<sup>7</sup>
- Compounded by strong enrollment growth, state and local appropriations per full-time-equivalent student in 2012 were at their lowest level in 32 years in inflation-adjusted terms, and have plunged \$1,875, or 24 percent, in just the past four years.<sup>8</sup>
- States dedicated 10.3 percent of their total expenditures to higher education in fiscal year 2011, down from 12.3 percent in 1987; state spending on Medicaid, however, skyrocketed from 8.4 percent to 23.7 percent of total expenditures during the same period.<sup>9</sup>

# Enrollment Growth and State Funding of Public Higher Education Institutions

## 25-Year Trend (Inflation-Adjusted Dollars)

While total state funding for public higher education has increased slightly during the past quarter century, several measures signal a notable disinvestment by states in their public higher education systems. This disinvestment is especially pronounced when factoring in the significant student enrollment growth that has occurred.

### Full-Time Student Enrollment



**Sources:** State Higher Education Executive Officers, Pell Institute for the Study of Opportunity in Higher Education, National Association of State Budget Officers.

<sup>1</sup>Both the 1987 and 2012 figures calculated utilizing Higher Education Cost Adjustment.

<sup>2</sup>Fiscal 2011 figure.

It must be recognized that state lawmakers have had to balance budgets in difficult fiscal environments. The recent Great Recession led to steep reductions in state revenues, and in turn, sharp cuts in public spending. As it involved reductions in states' appropriations for higher education, the recession's effects have been lasting, with 2012 marking a historic low point. While it is typical during the economic cycle for state higher education funding to rebound after a recession, there has been a steady decline in the size of each successive recovery in recent recessions, as shown in Figure 1.

Fast-rising Medicaid costs have also posed a difficult budget challenge, along with escalating expenses associated with state employee health care and retiree pension programs, and commitments to K-12 education and prisons. In some states, because policymakers are constrained by statutory or constitutional restrictions on increasing tax rates, they are also hindered in their efforts to raise revenues for public higher education and other state services and programs. Compounding these challenges is the presence of an anti-tax sentiment among voters in many states, thus dampening lawmakers' willingness to pass tax hikes. Despite these challenges, the reduction in investment in public higher education clearly contradicts policymaker recognition of the importance that higher education plays in fostering economic prosperity.

### **THE RAMIFICATIONS OF STATE DISINVESTMENT IN HIGHER EDUCATION: DIMINISHED COLLEGE ACCESS, WORKFORCE CAPACITY AND ECONOMIC PROSPERITY**

In order to partially make up for state funding reductions, public universities have been forced to turn to their other primary source for operating revenues—tuition. Over the past 25 years, the percentage of educational revenues supported by tuition, measured in constant dollars, has risen from 23 percent in 1987 to 47 percent in 2012.<sup>10</sup> In many states, tuition dollars account for well more than half of institutional operating monies, making students and families the primary investor in public universities. While students obviously benefit from higher education, those who cannot pay the rising price of college attendance often fail to enroll, accumulate excessive debt or fail to complete due to excessive work or part-time study. Our communities and our economy cannot afford to waste their potential.

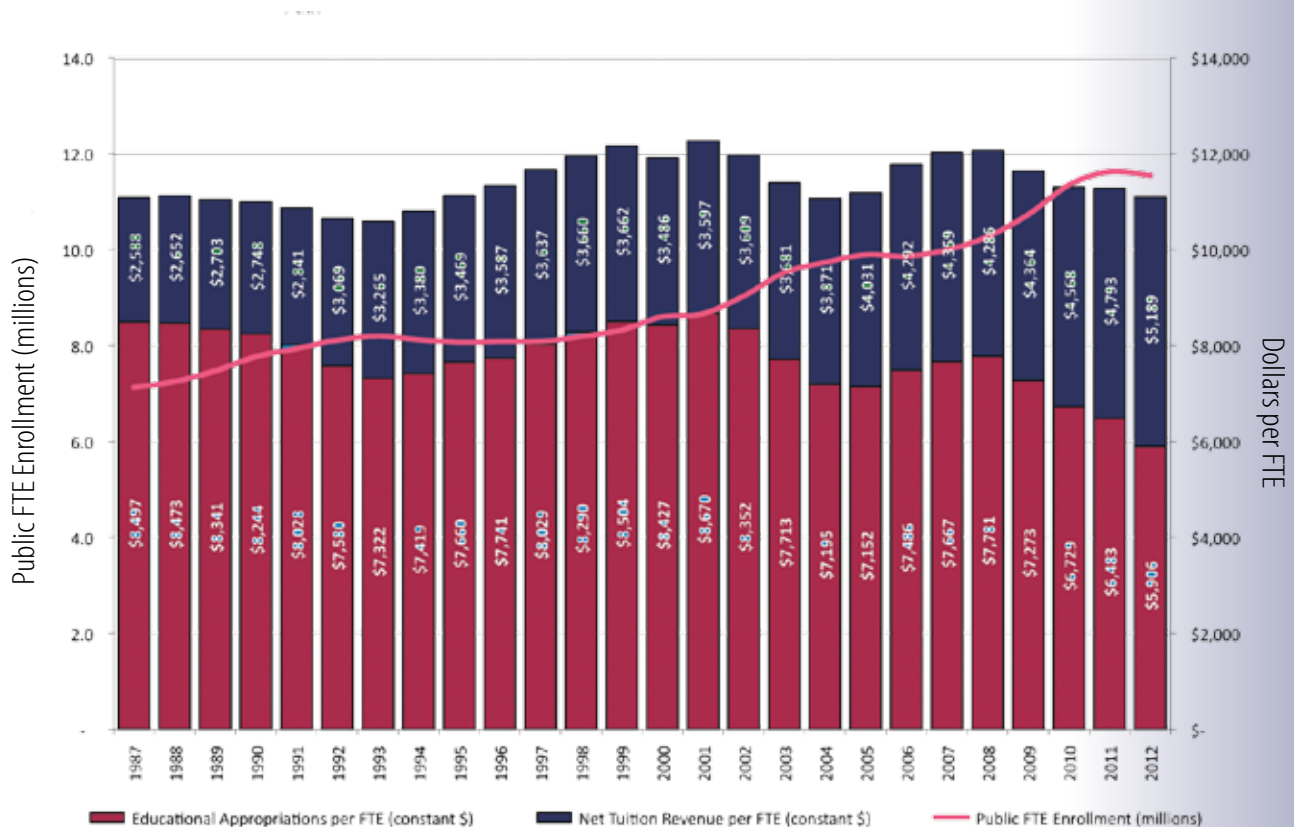
Published tuition and fee rates at U.S. public universities have increased 66 percent in the past decade, outpacing inflation by an annual average of 5.2 percent. Given that the public four-year sector accounts for more than one out of every three students (36 percent)—and 44 percent of full-time students—the declining affordability of these institutions is a great public policy concern.<sup>11</sup>



## Figure 1. Public Full-Time Equivalent (FTE) Enrollment, Educational Appropriations and Net Tuition Revenue

U.S. Fiscal 1987-2012

Educational appropriations per full-time equivalent (FTE) student have declined 30 percent during the past quarter century, in constant dollars. When including net tuition dollars per FTE student, overall revenues per FTE student are at the same level as 25 years ago. Public postsecondary enrollments have increased by nearly 4 million students during that time. Students and families are increasingly shouldering the burden of financing a public higher education.



**Note:** Net tuition revenue used for capital debt service are included in the above figure. Constant 2012 dollars adjusted by SHEEO Higher Education Cost Adjustment (HECA).

**Source:** State Higher Education Executive Officers, 2013.

Higher tuition prices have led to rising debt levels, more loan defaults and growing discontent by the public and policymakers. The continued increase in tuition prices to help offset state funding reductions is no longer a viable option. The public's tolerance and ability to pay for rising tuition has reached its limit.

State disinvestment in public higher education and the resulting cost shift to students and families portends lasting educational, economic and social repercussions to communities, states and the nation. To ensure American competitiveness, we must educate more individuals who come from populations that have traditionally enrolled in and completed postsecondary education at lower rates—the economically disadvantaged, minorities, immigrants and first generation students. These groups will represent a large proportion of the next generation of American workers.

State funding reductions have required public universities to collectively cut hundreds of millions of dollars from their operating budgets, all the while striving to mitigate steep tuition increases, maintain and improve academic quality, and create and grow enrollments in new academic programs aligned with state workforce needs. While tuition prices have climbed at a rate faster than inflation and personal income, the additional revenues generated have only partially offset state funding cuts. In 2009-10, for example, net tuition revenues at public comprehensive universities increased only 64 cents for every \$1 in state funding reductions.<sup>12</sup> Institutions have turned to a wide array of measures to cope with reduced state support and rein in college costs. These include management and administrative efficiencies, prioritizing programs and services, and the less desirable alternatives of closing programs, reducing class sections, expanding class sizes, and more extensive use of part-time faculty. Without question, these less desirable actions have reduced the quality and accessibility of American higher education.



# CREATING A NEW COMPACT

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## BETWEEN STATES AND PUBLIC HIGHER EDUCATION

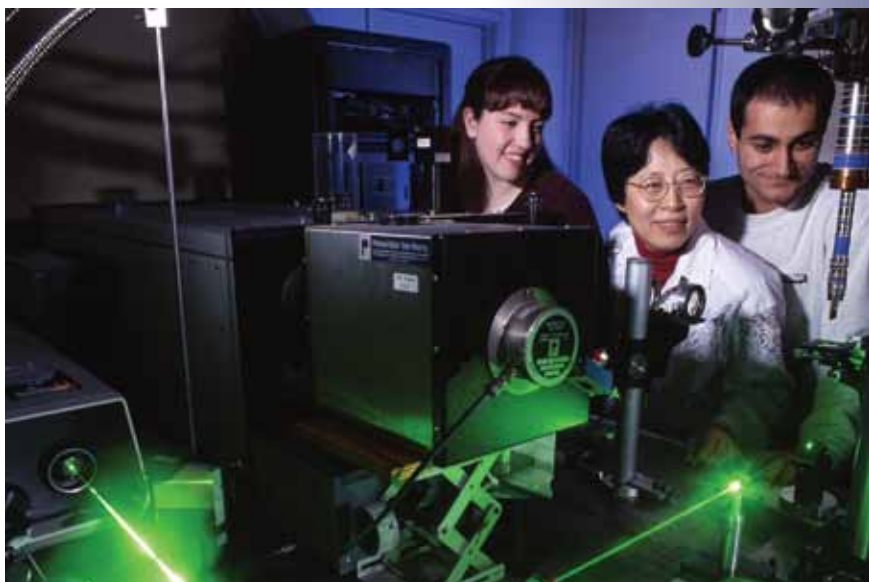
*The Task Force on Making Public Higher Education a State Priority* calls for the creation of a new compact between state government and public higher education in order to fully leverage the capacity of public colleges and universities to strengthen the economic security of our states and nation. The new compact must represent a shared commitment to broadening college access, making college more affordable, improving student outcomes and ensuring academic quality. The goals of state government leaders and those from public higher education are not always aligned; recognizing this, a new compact must represent a negotiated, shared vision that maximizes the unique character and contributions of public higher education institutions while still pursuing an agenda that serves state needs.

### **A COMPACT BUILT ON TRUST**

A new compact between state policymakers and public higher education leaders must be based on mutual understanding, trust and accountability. The essential first step must be a frank state-level conversation about the expectations of state government and higher education on a range of policy and fiscal issues.

College leaders must recognize that state elected officials want a higher education system that meets state economic and workforce needs. They must acknowledge the fiscal and political pressures confronting state policymakers, the commitment to higher education states have made in the past, and the shared responsibility institutions must demonstrate to keep college affordable.

State political leaders, in turn, should seek to understand the varied missions of public colleges and universities and re-commit to providing the resources to keep college



affordable. They must acknowledge the role of state disinvestment in higher education in increasing the price of attending public universities, as well as institutional efforts to temper cost increases through efficiency improvements. Policymakers must further recognize that the missions of public universities extend far beyond simply producing graduates to address immediate state workforce needs.

### **THE ROLE OF HIGHER EDUCATION LEADERS IN A NEW COMPACT**

Every public university leader must participate in creating a new compact and a shared state agenda. The compact will require higher education leaders to be stewards of the public's trust and leaders of institutional change: embracing reform, demonstrating innovation, restraining costs and being responsive to state needs and goals.

***Build bridges to develop mutual understanding between state policymakers and higher education.*** There is an understandable gap between legislators and college leaders as it pertains to some aspects of the nature, processes and values of higher education. Higher education often seems like an arcane and insular world to those who work in other fields. While the academy has become more student-consumer responsive and transparent in recent years—by adopting innovative program delivery models, developing partnerships to create seamless student transitions, and posting institutional performance indicators—remnants of the perception that the university is an “ivory tower” remain. Ascertaining the issues that cause the most consternation among legislators and addressing these matters is essential to increasing legislator understanding of public universities.

***Enhance literacy of higher education finance among state policymakers.*** A common understanding of higher education finance and the language that defines it needs to be developed in order to nurture trust and understanding between policymakers and higher education leaders. The conversation between college leaders and state lawmakers regarding college costs, prices and outcomes is often inconsistent and incoherent. Defining key terms and using them consistently is important. We need a common understanding of terms such as college “costs” (what it costs to educate a student) and “prices” (what the student is actually asked to pay) and of the difference between published tuition prices and net tuition prices.

***Understand state policy and political challenges.*** Higher education leaders must be well informed about the policymaking process and dynamics within the state political system. They must also be sensitive to the budgetary and political pressures facing state

lawmakers. Lawmakers have limited discretion in crafting state budgets due to state and federal mandatory spending obligations; voter-approved statutes that direct specific aspects of spending; and, in some cases, a decreased ability to reform tax policy to reflect changing state needs. The political pressure associated with state budget decision-making is considerable—state residents continue to demand high levels of public services while resisting efforts to increase taxes.

Public higher education also has to compete against a range of other worthy state programs and services in state budget deliberations. While as a sector higher education has a strong portfolio of data-backed rationale for why it is a great state investment, other agencies and recipients of state expenditures also petition legislators with plenty of persuasive data and fervor. Lawmakers have the difficult task of balancing competing demands for state resources within budget parameters. This challenge is especially acute during budget downturns.

## **THE ROLE OF STATE POLICYMAKERS IN A NEW COMPACT**

All key state government stakeholders who help shape and make state higher education policy—both elected office holders as well as those who serve state government in other capacities—should work to establish a new compact between states and public higher education institutions. In creating a new compact, state officials should work together in pursuit of a shared agenda, acquire an understanding of the missions and goals of public higher education, provide sufficient state funding, and recognize institutional efforts to reduce costs.

***Collaborate with higher education leaders to establish a shared agenda.*** A new compact will require policymakers' commitment to working with higher education leaders to establish a mutually-developed agenda that meets state needs while respecting the broader mission of academia. Certainly, considerable activity has already taken place, evidenced, for example, by the implementation of state higher education performance-based funding systems that align institutional outcomes with state objectives.

***Understand the mission and goals of public higher education.*** It is incumbent upon legislators to gain a solid understanding of the mission, contributions and needs of public universities, and the state's role in keeping a public higher education affordable. These institutions are large and complex enterprises, and the willingness of lawmakers to gain insight into and appreciation for the wide range of economic and social objectives universities pursue—and the values that influence college leaders' decision-making—will be helpful in fostering greater understanding.

***Provide sufficient, consistent and sustained state funding.*** A new compact must encompass a commitment by state lawmakers to provide sufficient, predictable and sustained investment in public higher education. Only by matching state lawmakers' recognition of the essential role public universities play in meeting education, workforce and economic objectives with the actual investment needed to meet those objectives can this compact be fully realized. Lawmakers should seek to understand the critical role state operating support for higher education and state student aid play in keeping college affordable.

***Recognize institutional and system efforts toward cost containment and college affordability.*** Lawmakers, particularly those new to elected office, should seek to learn about institutional accomplishments involving cost reduction, efficiency and productivity improvements, especially those achieved during the latest period of fiscal austerity. Gaining a retrospective longer term perspective will help policymakers better understand the comprehensive efforts put forth by public universities to cut costs and maintain and improve quality while keeping the price of attending college from rising even further.

***Provide relief from regulations that impede institutional flexibility, cost effectiveness and responsiveness.*** Integral to a new compact must be a willingness by lawmakers to work with higher education leaders in a careful review and, where warranted, a prudent reduction in regulatory burdens that hamper the abilities of public universities to effectively respond to state needs and priorities. This does not mean absolving institutions from being held accountable. It does mean reviewing outdated and overly burdensome state regulations and requirements that add little if any additional value and that inhibit the ability of institutions to be flexible, to contain costs, and to respond quickly to current and emerging state needs and opportunities.



# OVERCOMING CHALLENGES

## TO THE CREATION OF A NEW COMPACT

Creating a new compact between public higher education and the state political system must first involve higher education leaders and state political leaders coming to a mutual understanding involving some issues of perception. These include the ability of higher education to deal with change, the willingness of institutions to embrace new lower cost educational delivery models, and the need to address lawmakers' conflicting political perceptions and policy priorities involving higher education.

### ADDRESSING CHANGE IN HIGHER EDUCATION

The first challenge involves the need to demonstrate leadership in higher education management and transformation. College presidents and their governing boards are caught in the middle of two competing forces when considering the context of change, innovation and state purpose. On one hand, they are called upon to lead flexible, creative institutions that are able to respond nimbly to the needs of the state. On the other, they are charged with maintaining the institution's vital role in society as the key entity that creates, advances and stores knowledge.

College leaders also have a responsibility to preserve and protect the institution and its human and physical assets, to ensure its viability for future generations, and to uphold long-standing and important activities that support core values within the academy. These core values include: the inclusion of a broad-based undergraduate curriculum that integrates the liberal arts and humanities; the maintenance of academic freedom and freedom of speech; an understanding and appreciation of the importance of shared governance and the views of faculty in institutional decisions; and the promotion of cross-cultural understanding. It is essential that these values be steadfastly upheld for the good of the state and society. They must be sustained regardless of the political winds blowing at any



particular time. Maintaining these values may at times be viewed by those outside of higher education as upholding an anti-change philosophy.

Governors and legislators often view themselves as change agents. Their support for traditional institutions to do what they have always done, regardless of the institution's important contributions to the state, is not a given. This perspective may hold that higher education institutions are rigid and insufficiently responsive to state needs, despite the historical evidence that public universities have undergone massive changes in response to evolving societal needs (for example, in creating new types and categories of academic programs, student support services and instructional methodologies, as well as through expansively enlarging the student population they serve). Establishing a stronger relationship with the state political system will require higher education leaders to manage change effectively—being innovative, reform-minded and adaptive, while at the same time sustaining activities that support the values that are integral to a high-quality collegiate experience.

### **ADOPTING INNOVATIVE TECHNOLOGY-ENABLED EDUCATIONAL DELIVERY MODELS**

American higher education is experiencing a fundamental disruption brought on by advancements in technology and new online educational delivery models. While public universities have been offering online courses and even entire academic programs online for some time, the quickening pace of experimentation with and implementation of newer technology-enabled, adaptive-learning and competency-based program models by all types of institutions and private start-up companies portend the potential for sweeping change in higher education. The fast-evolving nature of these new educational delivery models is leading to a reexamination of the core concept of the traditional university model.

The perceived benefits of online education and the potential of new forms of technology-enabled educational delivery models have clearly caught the attention of state political leaders. Two such models—online competency-based degree programs and Massive Open Online Courses (MOOCs)—are generating excitement as low-cost, consumer-friendly alternatives to the historical model that is based on in-the-classroom seat time long utilized by traditional brick-and-mortar institutions.

Time will tell whether MOOCs and other evolving delivery methods take hold and upend the traditional campus-based undergraduate model. Initially, these courses have been geared toward older, working adult students. The utility of MOOCs in generating



compelling learning outcomes for students who are less academically prepared and who may not be accustomed to a “self-service” model of education has yet to be proven. Much more testing on the efficacy of MOOCs needs to be conducted. Further, MOOCs are still largely non-credit bearing and thus do not have the needed currency in American higher education.

Given the trust many state lawmakers place in the power of online technologies, as well as their general skepticism about higher education’s ability to change, college leaders should view the current technology revolution as an opportunity rather than a threat. New technology-enabled educational delivery models should be viewed as a promising means for facilitating an overarching quest by public universities to educate more students who demonstrate greater learning outcomes and at lower costs.

College leaders should build on efforts to date to make educational opportunities available in new and innovative ways and to new student-consumer markets. They should experiment with, adjust and continually test the efficacy of restructured instructional and program delivery models that harness the capabilities of new technologies. The redesign of courses that generate improved student outcomes and reduced costs, and the sophisticated use of student data analytics to boost measures of retention and graduation will provide evidence of public universities’ willingness to embrace change. By analyzing and making transparent the outcomes of new delivery models, public universities can contribute to the body of evidence regarding the efficacy of new forms of technology-enabled and online education.

## **RESPONDING TO CONFLICTING POLITICAL PERCEPTIONS AND POLICY PRIORITIES**

Public university leaders face a number of challenges as they navigate some policymakers’ perceptions of higher education and conflicting policy priorities espoused by some politicians. Included in these challenges are:

- State lawmakers’ willingness to cut higher education funding and their simultaneous opposition to tuition increases put forth by public universities to generate partially-offsetting revenues;
- A belief that online education dramatically reduces costs and, in tandem, the need for more instructional space and infrastructure support, despite clear evidence that the adoption of new and evolving technologies has become a significant new cost center for institutions; and

- Increasing legislator disapproval of aspects related to key university processes (e.g. tenure, salaries, work load), instead of a more appropriate focus on outcomes (i.e., not on how an institution achieves its goals but on if it achieves them).

These and other challenges are troubling given what political leaders say about the connection between their state's economic success and the education level of its citizens. The challenge is how to bridge these various divides. The establishment of a new jointly derived compact that is firmly based on collaboratively developed and accepted outcomes and measurable indicators can help transcend some of the political perceptions that can be debilitating to public higher education institutions. The focus and balance of agreed upon outcomes should vary by institution and be firmly rooted in the particular needs of each state, consistent with national goals, and in accord with the fundamental greater societal purposes of higher education in a democracy.

# FOUR COMMITMENTS

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## HIGHER EDUCATION LEADERS CAN MAKE TOWARD A NEW COMPACT

Essential to creating a new compact is for higher education leaders to embrace four actions that focus on accountability, state needs, college affordability and institutional outcomes. These actions will underscore the integrity of public universities and the value they provide to society. Establishing a new state-university compact can only be achieved through a vigorous dedication to these obligations *as well as* an equal commitment by state policymakers to provide consistent and sustained financial investment in public higher education and support for the policy needed to achieve shared state goals.

### **MAKE ACCOUNTABILITY THE FOUNDATION**

An institutional orientation that infuses accountability and performance for taxpayer-provided monies and students' tuition dollars must serve as the foundation of a new state-university compact. Public universities have long served as—and must remain—stewards of the public's trust. This trust, however, is threatened by concerns about college affordability, despite the fact that state disinvestment has been the primary driver of fast-rising tuition costs in recent years. The demonstration of accountability on the part of public higher education officials can serve to renew and fortify the trust placed by policymakers in these institutions.

Demonstrating a commitment to a shared set of state objectives—in unison with the entire public higher education community and with the support of all requisite state policymaking and governmental entities—can serve as the base from which institutions herald accountability.



### **BUILD AN INSTITUTIONAL AGENDA LINKED TO STATE NEEDS**

The norm in many states is for higher education officials to respond *reactively* to policy ideas and proposals promoted by the governor and legislative leadership—as opposed to taking the lead *proactively* by shaping an ambitious state agenda that utilizes the full

capacity of public universities. Amplifying policymakers' trust in and support for public higher education requires institutional leaders to be engaged in *establishing the state policy agenda*, not just responding to policy proposals and political dynamics. State political leaders may respond more favorably to requests for state resource support if institutions consistently and preemptively link their programs and services to addressing state challenges and opportunities.

Public universities are capable of contributing to a vast range of state needs in the areas of workforce development, economic development, applied research and commercialization, K-12 education, health care, environmental concerns, transportation policy, and numerous other issues. There are few, if any, matters in the state policy domain that *cannot* benefit from the capabilities of public universities. Institutional outreach and collaboration can be as large as a major partnership between the state and the university, or as small as informing a policy discussion through the subject expertise provided by a member of the university faculty or research staff. The adoption of a legislative orientation that is proactive in both *informing* and *forming* the state policy agenda and which fully leverages all institutional resources will underscore the value public universities bring as integral collaborators in advancing state interests. It again must be emphasized that building a state agenda through institutional capabilities comes with it an expectation that lawmakers must fund mutually agreed upon state objectives.

### ***Partner with Governors and Legislative Leaders in Advance of the Legislative Cycle***

Establishing a compelling state agenda that includes public colleges and universities as integral partners requires a strong tie between college presidents and the governor and the governor's staff, in addition to key legislators. Focusing advocacy efforts on the governor and his or her staff can enable college leaders to better assist the state's chief executive craft a forward-thinking state policy agenda at the outset. The gubernatorial engagement process should begin well in advance of the opening of states' legislative sessions and continue after the state budget is completed—a year-round conversation.

The same holds true as it involves key legislative leaders. Considerable attention is given to cultivating relationships with legislators who serve on House and Senate committees that oversee appropriations, capital outlay and other policy issues that directly involve collegiate interests. Much of this engagement, however, takes place *after* states' legislative cycles have commenced, and thus may be too late to be of impact. The engagement process should begin well in advance of the start of the legislative session and continue unabated throughout the year.

### ***Respond to Current State Policy Initiatives***

The case for building policymaker support for public higher education can be bolstered by the effective and timely response to gubernatorial and legislative initiatives aimed at addressing state needs. Whether through legislative proposals or simply in response to calls by governors and legislators for the state's higher education institutions to tackle issues of concern, college leaders can engender trust and confidence by reacting quickly and with an attitude that demonstrates a desire to collaborate.

### ***Align Institutional Outcomes with State Higher Education Goals***

States are increasingly aligning higher education funding with institutional outcomes, with many moving from input-based formulas (i.e., enrollment) to those that are outcomes-based (i.e., degree completion and other performance measures). States are also adopting funding formulas that incentivize institutions according to the type of academic majors and degrees granted, such as those affiliated with the science, technology, engineering and math (STEM) disciplines. State level Student Longitudinal Data Systems (SLDS) have been created in many states to provide state policymakers with an important tool to track student work experience back to the degree earned. This trend is likely to continue.

Aligning funding with outcomes such as the types of degrees earned or job placement is more likely to succeed if the state's K-12 education system is also part of the accountability conversation. Generating more college educated individuals is less likely to occur if the number of high school students fully prepared for the rigors of college does not increase proportionately. It is important to better align all actors within a state's educational spectrum in order to successfully achieve state goals. These alignment goals have special significance for public comprehensive universities given the large share of the nation's teachers that they produce.

### **ADDRESS COLLEGE AFFORDABILITY CONCERNS**

College affordability remains a top concern for lawmakers, students and families, and the general public. Rising tuition prices amid stagnant family incomes has led to greater scrutiny of college spending and calls for improving student outcomes with current institutional resources. College leaders must redouble their efforts to help policymakers better understand the cost of higher education, factors that influence costs, institutional efforts to control costs, and the state's role in providing institutional operating support and need-based financial aid to keep college affordable.

College advocates must also explain the complex relationships between state investment, college costs and tuition prices. It is vital to communicate institutional investments made in need-based financial aid and the resulting positive impact these aid dollars have had on maintaining college access for low-income students and in keeping net tuition prices much lower than published prices.

Increases in tuition prices have fueled speculation among some that institutional spending has been unrestrained when, in fact, on a per-student basis, it has been relatively flat at most public universities in recent years. Providing greater transparency in institutional spending—communicating how state and tuition dollars are being utilized—can illuminate the fiscal integrity being demonstrated by universities.

It may be helpful to make policymakers more aware of revenues that have been generated by the institution outside of the two primary sources of state operating support and tuition dollars—and how these funds have been utilized to mitigate college costs borne by students. Examples include monies raised through auxiliary operations, grants and contracts, public-private partnerships and philanthropic fundraising. Communicating revenue-raising achievements should be done in tandem with a continual reminder to lawmakers that the state must continue to play a primary role in keeping a public college education affordable by providing sufficient operating support to institutions.

### **CONVEY INSTITUTIONAL OUTCOMES**

An essential aspect of building trust and support among policymakers and the public is the active and ongoing communication of institutional outcomes. Demonstrating the public's return on investment requires relentless conveyance of the institution's (or system's) achievements and contributions. All outcomes and accomplishments should be framed in a manner that speaks to their contributions to the broader state agenda. Keeping policymakers abreast of institutional and system efforts can help validate the proactive orientation public universities possess in tackling important state issues. Examples include outcomes associated with student retention and degree completions—especially as they involve students from key demographic groups such as low-income and working adult populations; degree-to-labor market alignment; graduate job placement; and successful public-private partnerships.

**VOLUNTARY SYSTEM OF ACCOUNTABILITY** Both state and federal lawmakers continue to call for greater accountability and transparency in higher education in order for students and families to make institutional comparisons. Public universities that are not already doing so should consider participating in the Voluntary System of Accountability (VSA), an initiative developed by AASCU and the Association of Public and Land-grant Universities (see [voluntarysystem.org](http://voluntarysystem.org)). The VSA utilizes a template known as the College Portrait, which through its posting on the university's website, provides institutions with the ability to demonstrate accountability by providing transparent, comparable and understandable information.

### ***Communicate Cost Containment and Efficiency Achievements***

Amidst calls for heightened accountability, institutions can engender increased trust and support by amplifying their efforts to communicate efficiency improvements involving the use of taxpayer-provided appropriations and student-provided tuition dollars. The active identification and communication of accomplishments involving cost containment, operational efficiencies and productivity improvements should be embedded in institutional accountability efforts. Such outreach should include a continual emphasis on the cost reduction and cost avoidance that have *already been* achieved. Recently elected state lawmakers and those new to their higher education committee assignments should be made aware of the tremendous cost reduction and administrative efficiency achievements that have been realized during and in the aftermath of the Great Recession. It can also prove helpful to share how cost savings achieved have been used, such as in reducing the need for further tuition increases, and reallocating resources toward the core activities of teaching and learning.

### ***Utilize and Communicate More Accurate Measures of Student Degree Completion***

Given the relationship between students' academic preparedness for college study and their success in college, officials at low- and moderately-selective public colleges and universities have the added task of providing context when discussing the key student success indicator of graduation rates. While acknowledging the need to continuously work to improve these rates, discussions involving graduation rates should include the tremendous shortcoming in the federal government's definition of the measure; i.e., the fact that it only includes the proportion of freshmen students who enter full time, in the fall semester—thus leaving out part-time students, transfer students, working adults, and those who enter in the spring or summer term. The *Student Achievement Measure*, a new metric being devised by a number of national higher education associations that will provide a more comprehensive measure of graduation rates, will be available for use by institutions in the fall of 2013. It will behoove institutions to actively use this new metric as a supplement to the current federally-defined graduation rate measure.

Nevertheless, even though the metrics currently used to calculate graduation rates have flaws, it is not unreasonable to suggest that the completion rates of full-time entering freshmen provide an important sample of an institution's success. So, while working to improve the measurement process, institutions must still be prepared to openly "own" their graduation rates as currently calculated and explain them without defensiveness.

### ***Convey Contributions to Regional Stewardship***

While policymakers' focus is appropriately placed on student outcomes, it is vital to share other institutional activities and achievements that reflect the university's broader mission. These include grants received by the university and the link between the grant's objectives and the state's needs and goals. Economic development activities and economic impact should be conveyed vigorously. All forms of outreach, collaboration and formal partnerships that enshrine an institution's regional stewardship agenda should be communicated. These include activities that address economic, educational, environmental, health care, and social issues and opportunities.

**THE REGIONAL STEWARDSHIP ROLE OF PUBLIC UNIVERSITIES** AASCU has long been a rich resource on how to institutionalize public engagement. The advice and recommendations provided in the association's 2002 study, *Stepping Forward as Stewards of Place: A Guide for Leading Public Engagement at State Colleges and Universities*, remains as vital today as when it was published. Equally illustrative is the 2006 work, *Tools and Insights for Universities Called to Regional Stewardship*. In mid-2013, AASCU will be releasing a new monograph on the stewardship of place, providing yet another tool for campuses interested in community and regional stewardship. The new monograph will offer detailed suggestions and examples on where to focus campus stewardship efforts as they involve civic engagement, P-12 schools, community and economic development, and internationalization.

### ***Utilize the Power of Anecdotes***

In this age of accountability, data that is easily accessible, defined and understood should be used in legislative interactions and in communicating institutional outcomes. Quantifiable information, however, can be most powerful when presented with qualitative illustrations that speak to the transformational role public universities fulfill in students' lives and in the communities in which these institutions reside. Whereas accurate and informed data underpin state policy and funding decisions, the use of anecdotes can collectively shape a narrative that beckons enhanced public trust, public opinion and, hopefully, public investment in state universities.



# HIGHER EDUCATION

## AND THE STATE POLITICAL CONTEXT

Higher education is one part of the larger political, economic and social system that defines 21<sup>st</sup> century America. Political events and political ideology affect all aspects of the policy system. Understanding the larger context within which higher education leaders operate is essential in crafting a new state compact. Elevating higher education as a state budgetary priority is ultimately at the discretion of political leaders and done in a political environment. The ability of higher education leaders to understand and navigate this landscape is important.

### COMPETING EXPLANATIONS FOR DECLINING STATE HIGHER EDUCATION FUNDING

Two competing explanations may account for the gradual erosion of state funding support for higher education. One reflects an ideological view on the part of citizens and legislators regarding the role of government in society. The other attributes decreased funding as an outcome of deliberative fiscal decision making by policymakers in the state budget development process.

#### Philosophical/Ideological Context

One school of thought ascribes declining state funding as a product of sociopolitical factors that broadly place a focus away from government and community and toward individualism. In this view, the role of government in providing publicly-funded programs and services is diminished, with responsibility borne on individual citizens to address their needs and objectives.



- **Reduced Role of Government in Society.** In this worldview, policymakers adhere to a philosophy of an acutely reduced role of government in society. An emphasis is placed on cutting taxes and reducing public spending, making it harder to fund any government program. It has been emblematic in recent years by the rise of the Tea

Party and the election of fiscally conservative lawmakers to state office, often ensued by steep cuts in public spending, including that for higher education.

- ***Higher Education as a Private Investment.*** As the price of a college education rises in tandem with the economic returns of a college education, a share of the populace and some state policymakers now consider higher education as chiefly a personal investment with benefits accrued to the individual, as opposed to a publicly-financed social good that generates an array of benefits to individuals, communities and society in general.

### **Rational Budgetary Decision-Making Context**

An alternative thesis for declining state investment in higher education puts aside ideological and philosophical considerations, and instead ascribes it to the outcome of pragmatic fiscal decision making on the part of policymakers. Viewed through this lens, reductions in state funding have come about as a result of higher education's ability to generate outside revenue, its discretionary budget status, and growing spending pressures associated with other state programs.

- ***Alternative Institutional Revenue Streams.*** In lean budget cycles, higher education is a tempting target for state budget reductions due to the ability of public universities to draw in non-state monies, primarily through raising tuition prices. Some policymakers also cite institutional endowments and philanthropic fundraising as a means for universities to fund their general operations and keep tuition prices low (despite the fact these funds are highly restricted in their use). Other state services, such as K-12 education and corrections, do not have outside revenue streams available to help compensate for state funding reductions.
- ***Discretionary State Budget Status.*** A large portion of state budgets contain “mandatory” budget items that must be funded at specified minimum thresholds mandated by state or federal law or court decisions. For some of these budget items, state funding cuts can result in the loss of significant federal funds. In this legislative perspective, higher education is largely a discretionary budget item that can be cut without significant financial penalties and possible legal consequences to the state.
- ***Crowding Out by Other State Budget Items.*** This premise holds that state governments have disinvested in higher education as a result of being crowded out by the growing share of costs of other spending commitments and priorities, such as

Medicaid and corrections. Medicaid, specifically, has grown considerably over the last 20 years as a share of state budgets and in so doing has siphoned money from other state budget items.

The extent to which these competing explanations may account for the long-term trend in state disinvestment in higher education funding may vary among states. Understanding and recognizing the varying degrees to which reasons in both the ideological and fiscal decision making spheres may be in play can be helpful in understanding the political context within which higher education operates.

## **FACTORS SHAPING THE POLITICAL INFLUENCE OF HIGHER EDUCATION**

A number of longstanding factors influence the political and policymaking environment higher education leaders must navigate in order to establish a strong public agenda in partnership with states. While the impact of these dynamics will differ by state and institution, they each should be considered in efforts to build political support for increasing higher education as a state policy priority.

### **State Diversity and Governance Culture**

The national higher education landscape includes important inter-state diversity in governance structures, culture, history, politics, demography and economics. The varying degrees by which legislatures have become professionalized, the impact of legislative term limits, and the role of direct democracy (via ballot referendums) all serve to characterize each state's policymaking environment. These differences create a unique policymaking environment in each state for public higher education. Building a common agenda supported by legislators and higher education leaders must be accomplished on a state by state basis, recognizing the traditions and political culture of each state.

### **Institutional Diversity and the Multiple Missions of Higher Education**

Within each state, and often within higher education systems, institutions fulfill an array of roles and missions. Based on these specific roles and missions, each institution balances the core responsibilities of teaching, service and research somewhat differently. The missions of public comprehensive universities, in many cases, have evolved over time to focus on regional needs. The perceptions of higher education by lawmakers and others can vary based on their understanding and appreciation of these missions. The value of this intentional mission differentiation and variation is often misunderstood and underappreciated.

### **A Dispersed, Disorganized Constituency**

Every state legislator has a number of K-12 schools in his or her district, allowing public school leaders to build a strong network of constituent-advocates across all legislative districts within a state. This broad-based and diffused constituency can generate the grassroots support needed to gain sufficient legislative support for K-12 policy and funding priorities. Fewer legislators have a public university in their district. Legislators are particularly responsive to the needs of their district. On occasion, lawmakers' support for measures that may be in the best interests of the state may give way to parochial district issues. Higher education advocates need to work together to build a strong network of constituent support that transcends local (district) interests, including the use of broad-based coalitions.

### **Comparative Lack of Political Lobbying Resources**

Public universities do not generally make contributions to legislative candidates, incumbent office holders or political action committees that support their election efforts, as do many business associations and unions. K-12 teacher unions and other labor unions, utilizing expansive and well-organized networks of members, combined with considerable financial resources dedicated to lobbying, may hold greater sway in influencing state policymakers' spending decisions. While public universities and university systems utilize internal government relations staff (and, to a lesser degree, outside lobbyists) to appeal to state policymakers on their behalf, these institutions' lobbying efforts are often eclipsed by other larger, more homogenous, well-organized and well-financed groups when it comes to promoting state investment and policy priorities.

### **NEW STATE POLITICAL DYNAMICS SHAPING THE HIGHER EDUCATION POLICY AGENDA**

More recently, some additional factors have contributed to an evolving political landscape which college leaders and advocates must traverse in their efforts to advance their institutional agendas within the state policymaking sphere.

### **Heightened Partisanship and Polarization**

College officials must be non-partisan at a time of increased partisan cohesion. Higher education leaders are operating amidst the most politically-polarized state government environment in a generation. The number of states with divided government—in which the governor is from one party and at least one chamber of the legislature is controlled by the other party—currently stands at four; the lowest level since 1952. The near-monopoly of political power increases the likelihood of highly-charged partisan agendas and the hurried passage of legislation that would otherwise be more heavily debated and

compromised on were in not for the absence of a divided government. College officials must be cognizant of this dynamic, understanding that policies endorsed by majority leadership may swiftly find their way to floor debates and, ultimately, state law.<sup>13</sup>

### **Historically High Policymaker Inexperience and Diminished Legislative Memory**

In the current legislative environment, college leaders have the added task of conveying key issues and priorities to many newly elected lawmakers who may be unfamiliar with the complex challenges confronting public universities. When states' legislative sessions commenced in 2013, more than one-half of all legislators had been in office for two years or less.<sup>14</sup> The lack of legislative memory will require institutional and system lobbying efforts to be strategically and effectively communicated. The presence of many new lawmakers also presents the opportunity to build a new generation of legislative champions who can promote and support public higher education's contributions to state objectives.

### **Nationalization of States' Higher Education Policy Agendas**

Higher education leaders need to be aware of the national higher education policymaking environment, as policy diffusion—the adoption of similar legislation across states—has increased along with a “nationalization” of state higher education policy. National and state political leaders, think tanks and major philanthropic organizations have promoted a series of state policies they believe will boost postsecondary outcomes across all states. These policy recommendations may on occasion be promoted without regard to actual state needs and other nuances unique to each state. Higher education leaders should carefully consider these policies and whether they are appropriate solutions for the educational challenges in their state.

# SEVEN STRATEGIES

## TO ELEVATE PUBLIC HIGHER EDUCATION AS A STATE PRIORITY

Higher education leaders can utilize seven strategies as part of a comprehensive effort to create a new state-university compact and elevate higher education as a state investment priority. Tailored to the political and policy dynamics in each state, these strategies can help rebuild public trust and policymaker support for higher education, and strengthen the partnership between states and their public universities.

### **ALIGN MESSAGING WITH THE STATE AGENDA**

Public university leaders have an array of data and arguments that illustrate the value these institutions produce for states and communities. Yet, the value proposition is not getting through in its entirety to state political leaders. New messaging must be

identified to better convey the contributions of these institutions that will resonate with state lawmakers. College leaders and advocates should strive to keep their messaging limited to a small number of messages, possibly to include just one primary message. Messaging should be aligned to state goals, simplified, and repeated vigorously.

### ***Expand Messaging Beyond the Connection between Educational Attainment and Earnings***

The most consistent message conveyed to legislators about higher education is that college degrees lead to high-paying jobs. The higher education community's emphasis on the link

between college degree attainment and job security may have led to unanticipated outcomes of (a) shifting costs to students as a result of the view that a college education should be a privately-funded purchase; (b) aligning state funding formulas with degrees that have a perceived direct occupational alignment, such as those associated with the STEM disciplines; and (c) placing universities with heavy reliance on liberal arts degrees on the defensive.



The strong focus on the earnings of college graduates may have led to an unintended consequence of increased policy prescriptions being promulgated by state political leaders that directly link higher education funding to narrowly focused occupational outcomes and which in the process dismiss the many positive social, civic and quality of life benefits associated with a college education. An overemphasis on the link between education and earnings may also divert attention from the broader regional stewardship contributions of public universities.

Future research on legislators' perceptions about higher education should examine their receptivity to various higher education messaging themes. Such research will help ascertain deficiencies and disconnects in public college and university messaging efforts. For example, to what extent should data, versus illustrative anecdotes, be used to tell the story about institutional outcomes and the state's economic return on investment in public higher education? What data and what types of narratives are lawmakers most receptive to? Can insight be gained on the extent to which these quantitative or qualitative approaches to messaging can trump lawmakers' ideological perspectives and preconceived notions about higher education?

### ***Emphasize Innovation, Not Restoration***

Messaging efforts aimed at strengthening the state-university bond should focus on positive institutional reforms and associated outcomes rather than a sole emphasis on restoring lost state funds. The language used by college officials should minimize “whining” and emphasize a “can do” spirit in building a strong state agenda, regardless of the history of higher education disinvestment or the state's budget climate. This does not mean foregoing petitioning legislators aggressively for increased investment in public higher education. It does mean, however, acknowledging the budgetary and political pressures legislators confront in their fiscal decision making. A dual approach to messaging that includes information on the public return on state investment in higher education, as well as the innovation and outcomes being demonstrated by institutions, can help convey the value and accountability that public universities demonstrate.

### ***Simplify Messaging***

The language of higher education can often be complicated and confusing. College leaders must convey complex issues and institutional outcomes in a manner that is easy to understand by lawmakers, the media, and students and parents. Conclusions based on complex data can often yield complex misperceptions, as the debates about graduation rates and college “scorecards” so richly demonstrate. Using visual illustrations and

descriptive anecdotes can help illuminate key points regarding institutional outcomes and the ramifications of current or proposed state policies affecting higher education.

### **COMMUNICATE THE PUBLIC GOOD OF PUBLIC HIGHER EDUCATION**

The notion that public higher education should be viewed as a privately-purchased consumer good needs to be countered with vigor. College advocates must make the case for public higher education as a public good that yields broad economic and social returns on state and taxpayer investment by highlighting the ample evidence linking higher educational attainment levels with improvement in a host of broader economic and quality of life indicators. The positive impact that public colleges make should be ardently conveyed. These include partnerships and outreach impacting virtually every aspect of the regions in which they reside, such as on matters involving K-12 education, health care and the environment.

#### **THE ECONOMIC OVERFLOW EFFECT OF BOOSTING EDUCATIONAL ATTAINMENT**

Considerable evidence demonstrates the positive spillover effects of a college-educated population on states and regions. One example is a study conducted by the Milken Institute, released in February 2013, which makes a compelling argument for strategic investment in higher education to enhance regional economic competitiveness. The study found that adding one year of college to a region's workforce correlates with an increase in per-capita Gross Domestic Product of 17.4 percent. The study provides data on 261 metropolitan areas, illustrating the value brought to regional economies by better-educated workers.<sup>15</sup>

### ***Promote the Role of Higher Education in both Economic and Social Equity Contexts***

College leaders should utilize the most compelling data and reasoning for why state investment in public higher education directly correlates with state economic capacity-building. This narrative should include discussion of the foundational role these institutions play in increasing social equity. Concerns continue to mount about the diminishing American middle class and growing income disparities. Higher education is the great equalizer and can help mitigate the growing divide that is essential in strengthening the nation's economic, social and civic well-being.

Public colleges and universities serve an integral role in building social equity. These institutions are the gateway for the American middle class. No public entities collectively do more to improve the human condition and enable the people they serve to embrace opportunity. As states seek to regain their financial footing during the prolonged post-Great Recession recovery, the issues of job creation and economic development are at the core of policymakers' discussions. College officials must convey the integral role



## QUANTIFYING THE DEEPLY INTEGRATED IMPACT OF HIGHER EDUCATION ON PEOPLE AND COMMUNITIES

Individuals with college degrees are more likely to lead healthier lives, have longer life expectancies, are less dependent on social welfare, are less likely to be involved in crime, give more to philanthropic causes, and have higher rates of voting and volunteering. The increased talent, creativity, entrepreneurialism, innovation and cultural diversity evident in regions anchored by universities substantiate the positive spin-off effects of these institutions that are reaped by the general public. Every three years, The College Board quantifies a number of economic, health-related and societal benefits of higher education on a national and regional basis in its *Education Pays* series.<sup>16</sup>

these institutions play in advancing state economic interests, and in so doing, inform policymakers' understanding of the foundational role public higher education plays in enabling millions of Americans to become contributing participants in American society.

## ENCOURAGE OTHERS TO SPEAK FOR HIGHER EDUCATION

Utilizing third parties to build bridges and strengthen ties between college leaders and lawmakers can be helpful in advancing the state higher education agenda. Influential business leaders can be particularly effective in serving as envoys on behalf of the institutions and the broader state higher education community. Private sector executives, especially those who rely on public colleges and universities for their hiring needs, can serve as a strong supplement in efforts to solicit increased state investment in higher education.

Many state higher education coordinating entities have bolstered their legislative advocacy efforts by encouraging the formation of advocacy coalitions led by leaders from business and industry. The organized voice of business and industry leaders, in their efforts to convey state workforce needs and the value provided by public universities, can help inform opinion and generate support among policymakers and the general public.

Higher education officials should also take the opportunity to call upon influential and vested opinion leaders outside of the private sector to help advance policymaker support for public higher education. These include prominent voices representing K-12 education, non-profit health care providers and other large non-profit entities with a presence in the state. Each of these third-party voices can discuss the link between state support for higher education and their organization's ability to fulfill its mission.

## **UTILIZE A STRATEGIC INSTITUTIONAL STATE RELATIONS PROGRAM**

Public universities should have in place a comprehensive state government relations strategy. Institutional state government relations programs should be designed to work effectively within the parameters of the state's public higher education governance structure. Effective state relations programs begin with the college president who should prioritize the development of a mutually-beneficial working relationship between the institution and the state. Working in coordination with institutional or system governing board members, college leaders should build an institutional agenda that conveys the university's priorities and positions on state policy and regulatory matters, and which re-affirms its mission and commitment to serving the state. Institutional and system governing board members can also serve as helpful advocates of that agenda. Trustees and regents sit at the intersection of state needs and institutional or system aspirations, and as a broad cross section of the state's citizenry they can be a voice for adequate resources and for connecting state needs with institutional capacity.

Good campus-based state relations programs foster an institution-wide culture of state advocacy, have a clear delegation of responsibilities and established protocols involving communications with state officials, and are responsive to inquiries by policymakers. While the campus president must be actively engaged in state relations, a campus administrator should be responsible for the day-to-day mechanics of building bridges between the campus, external stakeholders and state government. Responsibilities common to the state relations officer position include establishing relationships with lawmakers and state officials; identifying and monitoring state policy and regulatory matters of concern to the institution and conveying those concerns expeditiously to state authorities; engaging and informing stakeholders; and developing and executing advocacy plans.

## **CREATE A PUBLIC ENGAGEMENT MASTER PLAN**

Strengthening public trust and policymaker support for public universities requires a comprehensive plan for engaging all constituencies, not just those confined to the state political and policymaking apparatus. Such a plan requires not only a strong state relations program, but should integrate all of the preceding strategies for establishing a new state-university compact. College leaders should consider public engagement as an institutional goal, complete with a master strategic plan. Much like institutional academic master plans, campus master plans and budget plans, a public engagement master plan should integrate a wide-range of inputs and include specific goals, objectives, timelines and measurable outcomes.

Engaging the public should not be a reactionary endeavor only turned to when institutions are seeking assistance. Outreach to the public should be well planned, proactive, ongoing and purposeful. Engagement should reflect a genuine motivation to identify opportunities to embark on partnerships. And it should be aimed at addressing opportunities and providing solutions at the community, regional or state level.

## **CHAMPION THE VITAL ROLE OF PUBLIC COMPREHENSIVE UNIVERSITIES**

Those who advocate for and on behalf of public comprehensive universities should communicate the essential role these institutions play in educating the populations that will drive our future economy. When it comes to recognition in the public's eye, this sector of institutions often receives less visibility for its contributions to workforce development, which is often attributed to community colleges. On the other end of the postsecondary spectrum, the size, prestige, research endeavors and athletic programming associated with public research universities can lead to diminished attention given to comprehensive universities by the general public, policymakers and the press. A better and sharper articulation of the complex role and enormous contributions of public comprehensive regional state colleges and universities is urgently needed.

### ***Sector cost efficiency in building workforce capacity***

Within the public sector, public comprehensive universities (master's institutions) are the most efficient, measured on a cost per degree completion basis.<sup>17</sup> This is achieved despite the fact that these institutions enroll a large number of academically underprepared students who require additional developmental courses as part of their undergraduate curriculum and which drive up institutional costs.

Given state policymakers' focus on generating lower-cost, high-quality degrees from taxpayer and students' tuition dollars—and the role public comprehensive universities play in building states' workforce capacity—greater allocation of new state dollars in these institutions may be one opportunity for generating improved higher education outcomes.<sup>18</sup>

Historically, America's public comprehensive universities have made it an imperative to facilitate access to and success in higher education for underrepresented racial and ethnic populations, as well as first-generation college-goers, those from low-income backgrounds, and working adults. Generations of minorities have achieved greater economic and social mobility as a result of having attended regional public comprehensive universities. These institutions are well positioned to strengthen their

partnership with states to provide greater educational access to populations that must participate and succeed in postsecondary education at higher rates if states are to produce the workforce talent needed to prosper economically in the future.

### COMMUNICATING INSTITUTIONAL SPENDING, PRODUCTIVITY AND OUTCOMES

A good resource for comparative analysis of institutional spending and productivity measures is the Trends in College Spending online tool, produced by the Delta Cost Project at the American Institutes of Research ([tcs-online.org](http://tcs-online.org)). The interactive Web-based data system provides easy access to information on finance, performance and enrollments for individual institutions, groups of institutions or the nation as a whole. While results vary by state, the TCS data collectively show that public comprehensive institutions are generally among the most productive in terms of spending-per-outcome (per degree completed) and demonstrate that these institutions have been keeping per-student institutional spending flat in recent years.

William Zumeta, David Breneman, Patrick Callan and Joni Finney, in *Financing American Higher Education in the Era of Globalization*, give credence to the vital state role served by public comprehensive universities:

. . . it is the broad-access public colleges and universities that the nation and the states should look to primarily to meet the challenges of increased college participation and attainment, since it is these institutions that serve the largest number of undergraduate students, particularly those populations that have traditionally been underserved by higher education.<sup>21</sup> (p. 154)

## **EDUCATING THE DEMOGRAPHIC POPULATIONS THAT COMPRISE STATES' WORKFORCE DESTINIES**

It is estimated that the U.S. will fall short 3 million workers with postsecondary degrees, associate or higher, by 2018.<sup>19</sup> The challenge in generating additional college-educated workers is compounded by national demographic trends that indicate a decline in populations that have traditionally participated in postsecondary education at higher rates (White, non-Hispanics) and strong growth among those who have not (Hispanics). Nationally, between 2008-09 and 2019-20, the nation's public high schools will collectively produce 228,000 fewer White non-Hispanic graduates (a decline of 12 percent) and about 197,000 more Hispanic graduates (an increase of 30 percent).<sup>20</sup> It thus becomes readily apparent that states need to place more focus on boosting college access and success for populations that have had lower rates of participation and success in college.

## **EMPHASIZE COLLABORATION AND COOPERATION AMONG EDUCATION SECTORS**

College leaders have historically placed their focus almost exclusively on the success of their institutions. However, too much attention solely to university interests may limit the contributions these institutions singularly and collectively provide to society. Greater collaboration should be extended within the state's entire secondary and postsecondary educational continuum. Solicitation of increased state funding and policy support by the higher education sector should not be conducted in a manner that conveys that such support should come at the possible expense of increased state investment in K-12 education or other segments of higher education. Public schools and public universities comprise the same educational ecosystem. What is good for one sector is good for the other. What is bad for one sector is bad for the other. Institutions should strive to work within systems or coalitions to better advocate for themselves as well as other secondary and postsecondary interests.

# RECOMMENDATIONS

## FOR FUTURE RESEARCH

The task force has identified two areas for further research: legislators' perceptions about higher education and the responsiveness of institutions, as well as the perceptions of institutional leaders and the strategies they use in advocating for increased state support. It recommends that AASCU, working in partnership with other stakeholders, embarks on a research agenda that will explore these issues and offer additional practical strategies for how college leaders can work effectively with state political leaders in advancing higher education as a state policy priority.



### LEGISLATORS' PERCEPTIONS ABOUT HIGHER EDUCATION AND INSTITUTIONAL RESPONSIVENESS

Efforts to elevate higher education as a state priority can be informed by additional research on legislator attitudes toward higher education and on their response to the messages public university officials and advocates have used most frequently in their efforts to generate governmental support. This research should also include state policymakers' perceptions about how public universities are responding to issues such as cost containment, measures of student success, the needs of working adults, and the adoption of innovative program delivery models. Gaining insight into legislators' attitudes

regarding institutions' overall responsiveness to state needs will help inform college leaders as they address real or perceived shortfalls. Additional insights into legislative budgetary decision making involving higher education within the context of competing demands and various political and economic realities will also prove helpful to college leaders and advocates.

### COLLEGE LEADERS' PERCEPTIONS AND ADVOCACY STRATEGIES

The ability of public college leaders to effectively advocate for increased state support not only requires a deeper understanding of legislators' perceptions about public higher

education, but also of college leaders' own perceptions as they involve legislators and the legislative process. An examination of the views held by those who interface with the state policy arena on behalf of public institutions and systems can provide helpful context.

- Do college leaders possess sufficient understanding of the pressures facing lawmakers when it comes to the spending decisions they make on behalf of the state's citizens?
- Do they possess the ability to listen and understand (if not necessarily agree with) harsh critiques put forth by legislators about institutional shortcomings, whether real or perceived? Do they feel they are sufficiently responsive to specific legislative requests?
- To what extent do they believe their interactions have improved legislators' understanding about critical higher education policy issues?
- What is the extent of the misalignment between legislators' perceptions and institutional leaders' perceptions involving key higher education funding and policy issues?

It will also be helpful to add to the empirical body of evidence supporting the advocacy strategies that are widely assumed to be most effective in generating positive legislative outcomes. Additional research into these questions will inform the work of college advocates in their efforts to elevate legislative support for their institutions and, more broadly, for higher education.

- What legislative relations activities and communications strategies are most effective in informing policy and funding discussions?
- To what extent have new forms of social media and grassroots advocacy replaced or complemented the more traditional form of one-on-one lobbying?
- What types of college advocates are legislators most receptive to: board members, alumni, students, faculty, government relations professionals or other surrogates representing institutional interests?



# CONCLUSION

## ACTING WITH URGENCY IN CREATING A NEW COMPACT

Public college and university leaders must act with a sense of urgency in an invigorated effort to increase public higher education as a state funding and policy priority. Increasing global competition, changing demographics, labor market shortages, college affordability and state disinvestment in public higher education are colliding simultaneously with long-term economic and societal implications. It is urgent for institutional leaders to take the corrective actions necessary to convey the importance

of increasing public higher education as a state investment priority. Maximizing the capacity of state colleges and universities to deliver on their missions is not a matter of simple institutional self-interest; it is a matter of ensuring state and national economic prosperity and a thriving democracy.

While policymakers weigh many issues as they make difficult, strategic choices about how to invest limited state resources, a strong case must be made that public higher education should be a top priority. The facts are clear that a college degree or postsecondary credential is now required for most individuals to reach the

American middle class. It is also evident that states with high educational attainment rates also have higher per-capita incomes and higher per-capita tax revenues. Creating a new compact between states and public higher education is vital to building a secure and prosperous future. Nothing less than the economic, civic and social vibrancy of our states, communities and our citizens are at stake.







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## Delivering America's Promise

AASCU's membership of more than 400 public colleges and universities is found throughout the United States, Guam, Puerto Rico and the Virgin Islands. We range in size from 1,000 students to 44,000. We are found in the inner city, in suburbs, towns and cities, and in remote rural America. We include campuses with extensive offerings in law, medicine and doctoral education—as well as campuses offering associate degrees to complement baccalaureate studies. We are both residential and commuter, and offer on-line degrees as well. Yet common to virtually every member institution are three qualities that define its work and characterize our common commitments.

- We are institutions of access and opportunity. We believe that the American promise should be real for all Americans, and that belief shapes our commitment to access, affordability and educational opportunity, and in the process strengthens American democracy for all citizens.
- We are student-centered institutions. We place the student at the heart of our enterprise, enhancing the learning environment and student achievement not only through teaching and advising, but also through our research and public service activities.
- We are “stewards of place.” We engage faculty, staff and students with the communities and regions we serve—helping to advance public education, economic development and the quality of life for all with whom we live and who support our work. We affirm that America's promise extends not only to those who come to the campus but to all our neighbors.

We believe that through this stewardship and through our commitments to access and opportunity and to our students, public colleges and universities effectively and accountably deliver America's promise. In so doing we honor and fulfill the public trust.

