Forty years after inception of the California Master Plan, you are reviewing whether it remains contemporary for California today.

- Its purposes clearly remain relevant.
  - Broad access
  - Excellence at every level
  - Cost effectiveness throughout California higher education

- As Dr. Shulock point out, however, the performance of the overall system is not achieving all of these purposes as well as desired.
  - Access is at risk
  - Excellence is spotty
  - With respect to cost effectiveness
    - Relatively efficient overall
    - But not within
    - And not on student performance (graduation)

Dr. Shulock has proposed a triad framework for the future – featuring a strategic plan, a financing plan, and an accountability plan.

Using somewhat the same paradigm, I will describe to you some of what you might learn from what other states are doing – both good and not so good.

**On Strategic Planning and Organizational Design:**

I have included these two together because the ability to effectively implement a strategic plan requires an organizing structure (often referred to as a governance structure) that facilitates good planning.
Current practice throughout the U.S..

- Two dominant governance models:
  - Consolidated Governing Boards – 24 states
  - Coordinating Boards – 24 states (including California)

- An Alternative View (Richardson, Bracco, Callan, and Finney, NCPPHE/1998)
  - Unified – A single board/the consolidated governing board model
    - Examples in the West: Alaska, Hawaii, Idaho, Montana, Nevada, and Utah
    - Pros and Cons: Provides a common organizational structure for institutional planning but makes it very difficult to separate institutional interests from state policy interests.
  - Federal – “divides responsibilities for representing the public interest (monitoring inputs, performance, and institutional accountability) from responsibilities for governing institutions (strategic direction, management accountability and institutional advocacy). The former are carried out by the coordinating board and the latter by institutional or system governing boards.”
    - Examples
      - In the West: Colorado, New Mexico, Washington
      - Elsewhere: Illinois, Texas
    - Pros and Cons: Provides a clear distinction between who represents the state’s interest and who represents the institution’s interests. Problem in the past, as experienced in California, has been two fold: First, who represents the state’s interests -- the coordinating board members, the legislature, the governor, or the higher education leadership. Second, a coordinating entity can coordinate only if it has sufficient information (data), official clout (legislative mandate), and autonomy from any single stakeholder engagement to do so.
  - Segmented – Multiple governing boards with multiple institutions and substantial autonomy and political influence, and weak or absent state coordination.
    - Examples:
      - California
      - Elsewhere in the West: Arizona, Oregon, and Wyoming
      - Elsewhere: Michigan
    - Pros and Cons – Strength of institutional interests tend to swamp state’s interests, though institutional strength also creates clear centers of excellence (witness California and Michigan).
• What’s Been Happening Lately – Three Themes

  o The New Public Management Model  
    [Many names, one idea, take your choice: Accountability for Autonomy (AFA), Performance Based Organizations (PBO), Public Enterprise Model (PEM)]

    ▪ Where It Is Happening:
      • (California ???)
      • In the West: Arizona, Colorado, Hawaii, and Oregon
      • Elsewhere: Maryland, Texas (sort of), and Virginia

    ▪ What Is It:
      • Gives institutions greater autonomy to as more like business enterprises than like government bureaucracies.
      • The quid pro quo is that state gets greater assurances of accountability from the institutions – sort of a contract for services satisfactorily rendered.

  o Privatizing Public Higher Education

    ▪ Where It Is Happening:
      • In the West: Colorado
      • In the Rest: South Carolina, Pennsylvania

    ▪ What It Is:
      • Moving to a Market Model
        o Fund students directly
        o Contract for services from institutions
        o Publics essentially become private non-profits

  o The dominant theme – stay the course

    ▪ Most change is incremental, not radical
    ▪ Even most radical change is really incremental

• Strategies for Achieving the Themes:

  o Management Flexibility with clear inter-institutional mission differentiation (often referred to as “the California Master Plan Model).

  o Flexibility in both management and mission – mission differentiation “enforced” within institutions rather than between institutions. A strategy being driven by both community needs and changes within academe – i.e. Community college baccalaureates and State University doctorates.
Reorganization

- The Grass Is Greener (from governing to coordinating or reverse).
  - Where this is happening: Arizona (community colleges), Colorado, and Oregon

- Capturing control within the Executive Branch – Executive selected by the Governor
  - Where this is happening: California (maybe), Colorado, Florida, and New Mexico

- Planning-based reconsideration of responsibility.
  - California (maybe) and Nevada

Thoughts on organization:
- Policy makes a difference so presence of a policy board, with capacity and clout, makes a difference.
- There is a difference between policy and politics -- both are legitimate and they sometimes coincide, but there is a difference.
  - Constituent Boards will be political
  - Non-constituent Boards are more likely to focus on policy

On Financing Higher Education – Five Themes for the Modern Era

- Performance Funding:
  - Sometimes pays for outcomes (real performance funding) -- i.e. increasing degree completion or increasing placement in teaching, nursing, or engineering positions in California.
  - Sometimes pays for processes that will hopefully produce desired outcomes (incentive funding) – i.e. increasing seats in teaching, nursing, and engineering.
  - Usually too small an amount to make a difference
  - But not always
    - English model – pay for course completion (also a proposal in Washington)
    - New Mexico proposal – pay for Pell grant recipients completion and transfer

- Market Model Funding
  - The Colorado Concept – Have the money follow the students
• Aligning Higher Education Funding – ATFA
  
  o Making sure that policies for Appropriations, Tuition, and Financial Aid are in sync to achieve access, quality, and efficiency
  o WICHE’s Lumina funded Changing Directions Project
    ▪ Past participants in the West: Arizona, Hawaii, Idaho, and Oregon
    ▪ New Participants: California, New Mexico, and Washington

• Funding Functions rather than everything mushed together – Providing greater transparency in funding of teaching and research.
  o British model
  o Arizona has incorporated in its redesign of Arizona higher education

• Stay the Course
  o Most states are changing little, despite recent cuts and projected increases in demand.

**On Accountability**

• Autonomy for Accountability – discussed earlier
• The California plan – a very robust model that distinguishes well between the State’s interests, systems’ interests, and institutions’ interests.
• Reauthorization of the Higher Education Act – Secretary Spelling has already indicated that the Administration’s success with NCLB will pave the way for their positions on higher education.
• The Report of the National Commission on Accountability, to be released March 10.