Issue Analysis and Research Committee

Monday, 10.00 – 11.30 am
Kiva A

Issue Analysis and Research Committee Agenda

Issue Analysis and Research Committee Minutes - November 2001

FY 2002-03 Workplan Chart

Report — Status of Current Grants
Monday, May 20, 2002

10.00 - 11.30 am
Kiva A

Issue Analysis and Research Committee

Committee Members

Cece Foxley (UT), Chair
Pauline Gubbels (NM), Vice Chair
Tad Perry (SD), Ex Officio
Chuck Ruch (ID), Ex Officio

Johnny Ellis (AK)
Lawrence Gudis (AZ)
Francisco Hernandez (CA)
Tim Foster (CO)
Doris Ching (HI)
Jack Riggs (ID)
Frank Kerins (MT)
Jane Nichols (NV)
Everett Frost (NM)
Richard Kunkel (ND)
Ryan Deckert (OR)
Robert Burns (SD)
Marcus Gaspard (WA)
John Barrasso (WY)

Agenda

Call to Order: Cecelia Foxley, Chair

Action Item
Minutes of the November 13, 2001, Meeting for the Committee’s Approval

Action Item
FY 2003 Workplan. The draft FY 2003 workplan for the Policy Analysis and Research unit and the Western Cooperative for Educational Telecommunications are included for the committee’s review and approval. Possible new directions will be explored, and committee members are encouraged to share ideas for future directions.

Discussion Item - Revenue Project

In April 2001 the committee gave approval to the Policy Analysis and Research unit to seek funding for a project, “Finding the Will and the Way: Managing Higher Education within Revenue and Expenditure
Constraints”, to examine the impact of revenue constraints on the future viability of higher education in the West. With the deterioration of fiscal conditions in most states, the committee is asked to discuss the proposed project and provide comments to staff.

Information Item - Unit Updates

Staff will provide an update and respond to the committee’s questions concerning ongoing activities:

1. Western Cooperative for Educational Telecommunications – Sally Johnstone
   a) Update on Hewlett Foundation–funded projects
   b) Pending proposals and action items
   c) SREB/WCET Costing and Financing Instructional Technologies in Higher Education: Practical Lessons and Policy Implications
   d) Other

2. Policy Analysis and Research – Cheryl Blanco
   b) Update on unfunded projects: Mobility, Fiscal Constraints and State Tax Structures
   c) Publications
Chair Chuck Ruch convened the Issue Analysis and Research Committee on Nov. 13, 2001, asking participants to introduce themselves. The minutes of the May 21, 2001, committee meeting were approved without revisions.

The first agenda topic was an action item: WCET Proposal for a Web-based Course-Rating Tool. Chair Ruch asked Sally Johnstone, director of the Western Cooperative for Educational Telecommunications, to provide information on the item. Johnstone summarized the agenda book item, noting that the goal of the project is to serve the needs of institutions seeking to license or buy courses from vendors or other institutions. The objective here is to create an easy-to-use Web-based tool for institutions to use in evaluating courses they are considering using with their students. A secondary objective is to begin setting benchmarks for good quality online courses. This proposal is being written for the William and Flora Hewlett Foundation; it is designed as a three-year project at about $2 million to begin February 2002. After discussion and questions by commissioners, the item was approved.

The chairman asked Cheryl Blanco, director of the Policy Analysis and Research unit, to provide a brief overview of the discussion item on the Lumina Foundation grant. She distributed a one-page abstract of the project, highlighting the overall goal and some of the activities planned. WICHE has received funding of $400,000 for Phase 1 (Nov. 2001 to May 2003). Staff plan to return to the Foundation for the Phase 2 portion once Phase 1 is well underway. Committee members expressed strong interest in the project and made several suggestions, including incorporating student input, examining different kinds of state financial aid (merit- and need-based), and looking at federal financial aid. When asked how states will be selected to participate in the roundtables or case studies, Blanco responded that she will look to the Executive Committee representative from each state as the primary point of contact to determine each state’s level of interest in participating. It was suggested that the information be sent to all three state commissioners as well.
Chair Ruch directed the members to the discussion item titled “Expanding Engagement: Public Policy to Meet State and Regional Needs.” Blanco distributed a one-page abstract of this new grant from the Ford Foundation. She explained that the previous two grants from the Ford Foundation end on December 31, 2001. This award will continue some of the work initiated with the prior grants and introduce new areas. The topics to be covered in this three-year grant include:

- The collision between demand, access, and financial constraints.
- Higher education quality and accountability in a time of stable or declining enrollments.
- Financing of information technology.
- Workforce issues and higher education: Nursing, college faculty, information technology, and teacher education.
- Emerging, undefined issues.

Commissioners discussed the value of this grant in addressing issues around the nursing shortage. All states indicated that this was an important issue for them – in some states it is a critical concern.

The chairman asked the unit directors to briefly update the committee on their units’ activities. Johnstone gave an overview of the Western Cooperative for Educational Telecommunications (WCET) membership, organizational structure, and funding configurations. The current WCET projects include providing technical assistance to the Arizona Board of Regents, the New Mexico Higher Education Commission, and the University of Alaska. Additionally, WCET is working with PriceWaterhouse Cooper’s “e-Army” project, the Hispanic Education Telecommunications System, and the U.S. Office for the Advancement of Tele Health. Through the Ford Foundation grant referenced by Blanco, WCET will be able to fill a three-year post-doc position to assist with policy analysis of issues related to information technology and educational telecommunications. Johnstone encouraged commissioners to visit WCET’s Web pages for more information on the unit’s projects.

Blanco provided a handout with bulleted highlights of activities related to the five major issue areas on the work plan (access and K-16, accountability, financing, innovation and info-technology, and workforce). She noted how the various grants from the federal government and several private foundations support one or more of these five issue areas. She encouraged states to indicate their interest in participating in any of these activities, which may include state roundtables, case studies, policy forums, or other initiatives. She also mentioned three additional projects that may be getting underway this year: student mobility, managing higher education within revenue and expenditure constraints, and projections of high school graduates.

The committee had no further business and adjourned.
## ACTION ITEM

**WICHE FY 2002 - 2003 Work Plan: Priority Themes & Activities**

### Existing Activities
*(GF=general fund)*

<table>
<thead>
<tr>
<th>Finance</th>
<th>Access</th>
<th>Innovation &amp; Info-technology</th>
<th>Workforce</th>
<th>Accountability</th>
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</thead>
<tbody>
<tr>
<td>Annual Tuition and Fees Report (GF)</td>
<td>Student Exchange Programs: Professional Student Exchange Program (PSEP), Western Regional Graduate Program (WRGP), Western Undergraduate Exchange (WUE)</td>
<td>Support of the NorthWest Academic Forum's regional initiatives (NWAF)</td>
<td>Workforce Briefs (GF)</td>
<td>Regional Factbook: Policy Indicators for Higher Education (GF)</td>
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<tr>
<td>WCET's Technology Costing Methodology project handbook (FIPSE)</td>
<td>Accelerated Learning Initiatives (U.S. Dept. of Education)</td>
<td>Western Cooperative for Educational Telecommunications initiatives</td>
<td>Building partnerships for competency: Public mental health workforce development — presentation and discussion between the commission and state mental health directors in the West</td>
<td>Policy Insights on a range of higher education issues (GF)</td>
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<td>Multi-year policy projects on higher ed finance and financial aid (Lumina Foundation)</td>
<td>Pathways to College Network (GE Fund, James Irvine Foundation, FIPSE and others)</td>
<td>Building regional participation in the American TelEd Communications Alliance (self-funding)</td>
<td>Project on workforce issues and higher ed: nursing, teacher education, information technology, and faculty (Ford)</td>
<td>Development of guidelines in distance-delivered education for the regional accrediting agencies</td>
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<td>Performance measurement improvement in the Western states public mental health programs</td>
<td>North American Student Exchange Program (FIPSE)</td>
<td>North American higher education portal expansion (FIPSE)</td>
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<td>Project on higher ed quality and accountability in a time of stable or declining enrollments (Ford)</td>
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<td>U.S./U.K. Project (Mellon, British Funding Council)</td>
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<td>Project on the collision between demand, access, and financial constraints (Ford)</td>
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### New Directions
*(proposals have been approved by the commission and submitted)*

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<th>Workforce</th>
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<tbody>
<tr>
<td>Expanding the Technology Costing Methodology project (FIPSE)</td>
<td>PSEP revitalization</td>
<td>Developing the Northwest Educational Outreach Network for NWAF</td>
<td>Expanding professional advisory councils (health professions, veterinary medicine)</td>
<td>Collaboration with NCHEMS, SHEEO and WICHE on database maintenance and exchanges</td>
</tr>
<tr>
<td>Examination of the impact of revenue constraints on future viability of higher ed in the West</td>
<td>Faculty diversity initiatives</td>
<td>High school graduates projections by state, race/ethnicity, and income</td>
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On the Horizon
(proposals not yet submitted to the commission or past proposals that are being recast)

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<tr>
<td>Policy work on resident and nonresident tuition policies</td>
<td>Policy work and technical assistance strategies to expand access for students with disabilities</td>
<td>Exploring the development of portal technologies</td>
<td>Developing Student Exchange Program responses to critical workforce shortages</td>
<td>Institute for legislators and trustees on higher ed issues</td>
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<td></td>
<td>Research on student mobility</td>
<td></td>
<td>Convening regional forums on emerging workforce needs</td>
<td>Follow-up initiatives responding to the National Center on Public Policy and Higher Education’s report cards</td>
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ACTION ITEM APPROVED APRIL 2001
Finding the Will and the Way:
Managing Higher Education Within Revenue and Expenditure Constraints

Summary
Staff request approval for WICHE to seek, receive and expend funds to support a project that will examine the impact of revenue and expenditure constraints on the future viability of higher education in the West. The project will engage policymakers and higher education leaders in key policy issues around the ability of states to sustain their investment in higher education. The purpose of this project will be to assist states in evaluating their individual context for generating and sustaining revenues for higher education and the related effects on issues such as access, delivery, and quality. Target states will develop alternative scenarios to guide and shape the state’s course of action and design a fiscal plan to sustain the state’s investment in higher education through a period of constrained resources and expenditures.

Relationship to WICHE Mission
This project directly supports WICHE’s mission to promote innovation, cooperation, resource sharing, and sound public policy among states and institutions in order to expand educational access and excellence for all citizens of the West. The policy emphasis of this project will focus its activities and outcomes on dealing with the state-level issues surrounding revenues and expenditures for higher education.

Background
The robust economy that characterized the 1990s translated into additional dollars for higher education. As Donald Boyd, director of fiscal studies at the Nelson A. Rockefeller Institute of Government said, “The post-recession 1990s were the best of times for most states.” State taxes grew and the percentage growth in state tax revenue between 1990 and 1998 increased by 59 percent in the Western states, slightly more than the 58 percent nationally. Influenced by strong financial markets, personal income taxes rose considerably, and sales tax revenues escalated in the ‘90s.

On the other side of the coin, state government increased real per-capita spending by 20 percent across the nation and 17 percent on average among CSG-West states between 1990 and 1998. While Alaska and Wyoming decreased per-capita spending by 12 percent and 1 percent respectively, the remaining states’ increases ranged from 2.2 percent in Arizona to 36 percent in Oregon. Several states exceeded the regional as well as the national averages. Real per-capita spending for higher education between 1990 and 1998 averaged 15 percent in CSG-West states, compared to nearly 14 percent nationally, but those averages mask significant variation among the states. Four states – Alaska, Arizona, California, and Wyoming – decreased per-capita spending on higher education over that period, while Montana increased spending by 62.5 percent, Utah by 28.1 percent, and Oregon by 24.4 percent.

During this period, states also cut taxes. Boyd reports that 2000 was the seventh straight year of net tax cuts, with 14 states cutting taxes significantly. More than half of the legislated tax cuts total $5.8 billion – $3.4 billion – was from rebates and temporary tax cuts.

As we have seen in recent months, however, the bloom is off the rose. The National Council for State Legislatures’ State Fiscal Outlook for 2001: February Update found that state revenue growth has slowed, and 31 states report that spending is exceeding budgeted levels. Tax cuts will be considered in several states, although most will be minor. Preliminary FY 2002 revenue forecasts reflect concerns about the strength of the economy, with most states expecting slower revenue growth in FY 2002 compared with FY 2001. Several states expect to revise their forecasts down over the next few months. Compounding this, a new nemesis has arisen, an energy crisis that threatens both to increase the costs of providing higher education services and to reduce the revenues available to support the enterprise.

In addition to reduced revenues, limitations on revenues and expenditures also create unstable fiscal conditions.
Among WICHE states, 11 currently have restrictions on revenues or expenditures that impact higher education, including constitutional and statutory limits tied to such indices as population growth, inflation, personal income growth, prior year spending, and voter-approved tax increases.

In his analysis of state revenues and fiscal projections, Harold Hovey (1999) warned that projected state revenues will not be sufficient to maintain current service levels. “Even without a major economic downturn, 39 states will experience gaps between the cost of maintaining public services now in place and the revenues they can expect under current tax policy.” Hovey suggested that state spending for higher education would have to increase faster than state spending in other areas in order to maintain current services. Yet the share of state revenues devoted to higher education has decreased. Nationally and in the WICHE region, state appropriations to higher education as a proportion of tax revenue ran at about 12 percent in 1992; that figure had dropped to approximately 10 percent by 1998.

**Project Description**

Clearly, the Western states face very different fiscal futures. The uncertainty of revenue shortfalls, the potential for cutbacks, and the impact of revenue and expenditure restrictions means that the dilemmas for the states are many and they are varied. What do these conditions and projections bode for higher education? What is the most effective way of developing an individual state’s options both with respect to increases of revenues and constraining expenditures? Who should be part of the coalition of state partners to develop a course of action for the state? What do constrained revenues and expenditures mean for higher education and issues such as access, delivery, and quality? What is the role of boards and institutions in resolving revenue and expenditure problems? What are the regional implications of new limitations on resources? How does one state’s fiscal problems impact neighboring states? Do revenue reductions in one state create conditions in institutions and systems that result in higher student migration, brain drain of both students and faculty, or lower quality of education? How will new developments such as e-commerce and the energy crisis affect revenues and what can states do about it?

*Finding the Will and the Way* will address those and other policy questions raised by these uncertain fiscal times. Significant change in public policy that is well conceived and built on consensus is a long process. Over a three-year period, *Finding the Will and the Way* will engage policy, business, board, and educational leaders in a series of multistep activities—both in their individual states and in concert with other states—that will assist them in assessing their state’s capacity to finance higher education at the level that is needed in the state.

Through a variety of activities—including state roundtables, technical assistance, regional forums, institutes for legislators and board members, analytical briefs, consensus building, and policy formulation—this project will allow a state the time, expertise, and commitment of resources to conduct an in-depth examination of its situation. By the end of the project, at least five states will have produced short- and long-term plans with specific strategies to meet the higher education needs of their citizens. The experiences of these states will be shared nationally through publications, electronic media, and forums with the expectation that the lessons learned and the models developed will guide others.

Throughout the project, we will collaborate with key organizations, such as the State Higher Education Executive Officers (SHEEO), National Conference of State Legislatures (NCSL), Association of Governing Boards of Universities and Colleges (AGB) and its Center for Public Higher Education Trusteeship and Governance, Council of State Governments-WEST, and the National Governors’ Association. We will also consult with key professional associations, including the National Association of State Budget Officers, National Association of Legislative Fiscal Officers, and the National Association of College and University Business Officers. WICHE’s Western Policy Exchange will serve as a conceptual umbrella for the project.

**Action Requested**

Approval to seek, receive, and expend funds to support a project to examine the impact of revenue and expenditure constraints on the future viability of higher education in the West.

**Staff and Fiscal Impact**

This project will be supported primarily by grant funds. Staff estimate that the project will require approximately $500,000 each year in external funding.
**INITIATIVES & ACTIVITIES**

Pathways to College Network: An alliance of major foundations, nonprofit organizations, educational institutions, and the U.S. Dept. of Education to improve college access and success for large numbers of underserved youth. WICHE is the lead organization – working with SHEEO, ECS, and the College Board – in developing and implementing the public policy component of Pathways. We have conducted case studies in Rhode Island, Maryland, California, Louisiana, and North Carolina and sponsored roundtables on P-16 in Washington and Tennessee, with Indiana, Montana, and South Dakota in line for roundtables this year. This Fall SHEEO and Pathways will issue five strategy briefs that draw on the case study and roundtable information; the briefs will be on different topics. WICHE has created the free Searchable Policy Inventory Database Online (SPIDO) that contains selected policies from the 50 states related to: teacher quality, financial aid, articulation and alignment, early outreach programs, remediation, data and accountability, equity, and governance. The database will be updated regularly. With Pathways, we’ll be sponsoring a regional policy forum September 17-18, 2002, in Albuquerque, NM; additional regional meetings will be held in Pennsylvania, Chicago, and Kentucky.

Western Consortium for Accelerated Learning Opportunities (WCALO): A grant from the U.S. Dept. of Education, which supports a nine-state consortium (Arizona, Colorado, Hawaii, Idaho, Montana, New Mexico, Oregon, South Dakota, and Utah). Our focus is on increasing the numbers of students from underrepresented populations that participate in accelerated-learning options (for example, AP, dual enrollment, etc.). This year, nearly $1,000,000 has been allocated to the nine states through WCALO to assist with accelerated learning. Additionally, we have working groups addressing regionwide concerns on issues such as students’ experiences with online AP; serving American Indian students, tribal schools, and colleges with accelerated options; developing preservice teacher educational models for AP; identifying good practices with counselor training models; and monitoring students’ progress after they have taken accelerated programs.

**STATE SERVICES & BENEFITS**

- Collaboration on state case studies
- Hosting of state roundtables
- Tailored technical assistance around P-16 issues
- Participation in the Western Policy Forum
- Access to SPIDO (State Policy Inventory Database Online)
- Access to strategy briefs

- Funding for online AP courses, teacher and counselor professional development, pre-AP activities with programs like GEAR-UP, and other activities
- Participation in the consortium network of K-12/SHEEO representatives
- Participation in special interest working groups on issues around online AP, serving American Indian students with accelerated learning, teacher preservice AP models, counselor training, and student progress
- State roundtables on accelerated learning
### Initiatives & Activities

**Expanding Engagement: Public Policy to Meet State and Regional Needs:** A grant from the Ford Foundation to work with states on concerns around quality and accountability in a time of stable or declining enrollments. Our emphasis here is on helping states that don’t anticipate enrollment increases to examine different strategies that respond to their specific demographic issues.

**Knocking at the College Door: Projections of High School Graduates by State and Race/Ethnicity:** The next report is planned for Fall 2003. This 6th edition will expand the projections from 2012 to 2018 and add socioeconomic data to our model, enabling us to project high school graduates not only by race/ethnicity but also by income for the 50 states.

**Following the Sun: Trends, Issues, and Policy Implications of Student Mobility:** Staff have been seeking funding for a project on student mobility, but have not been successful to date. The purpose of this project would be to assist states in building their capacity to measure and understand the impact of student mobility and to effectively address related public policy issues. This project would engage policymakers and higher education leaders in key policy issues around the ability of states to manage mobility and provide better-informed public policies on mobility issues as they relate to higher education.

**Other Publications:** Ongoing work that informs the access conversation in the West includes our regional fact book, an annual report on tuition and fees in public institutions, our Policy Alerts e-mail notices, state-specific pages on our Web site to show census data, our short report series titled Policy Insights, and an informational bulletin titled Exchanges.

### State Services & Benefits

- Roundtables for states with stable or declining enrollments
- Small, state-focused group of carefully selected top-level policymakers to define the issues
- Subregional policy forum
- Access to high school projections data by race/ethnicity and income for 50 states
- Technical assistance
- State roundtable on mobility issues
- Tailored technical assistance to examine student mobility in the state
- Subregional forums on student mobility
- Analytical information on student mobility
- Current demographic information and other data on higher education issues
- Reports, studies, and related information from an array of sources to support informed policy making
## Initiatives & Activities

**Changing Direction: Integrating Higher Education Financial Aid and Financing Policy:** A grant from the Lumina Foundation for Education to work with a small number of states on integrating financial aid, tuition, and appropriations policies. We are currently in Phase 1 of this initiative and will begin technical assistance with at least four states soon. Our Research Advisory Board has helped us identify information gaps, and we'll commission papers on some of these areas. We also began an expansion of SPIDO, our online searchable policy database, to include information from all 50 states on tuition and appropriations. Through this project, we will survey state policymakers on their perceptions of effective financial aid, tuition, and appropriations policies and practices and examine the efficacy of these perceptions. One of our partner organizations – SHEEO – is developing a data inventory and audit to identify existing and unmet data needs.

**Finding the Will and the Way: Managing Higher Education Within Revenue and Expenditures Constraints:** A project to look at the impact of revenue and expenditure constraints on the future viability of higher education in the West. This project will assist states in evaluating their individual context for generating and sustaining revenues for higher education and the related effects on issues such as access, delivery, and quality. We would like to work with a few states to develop alternative scenarios that will guide and shape their course of action and help them design a fiscal plan to sustain their investment in higher education through a period of constrained resources and expenditures. We're still looking for funding for this initiative.

## State Services & Benefits

- Participation in a case study group of states to explore integrating financial aid, tuition, and appropriations decision making
- Access to commissioned papers and other products from the Research Advisory Board
- Access to SPIDO (State Policy Inventory Database Online)
- Participation in a regional and national dialogue on innovative ways to bring financial aid and financing policy together
- Access to state-specific technical assistance
- Convening state roundtables
- Engaging in dialogue at regional forums
- Participating in policy institutes for legislators and board members
- Access to analytical information related to state tax structures, revenues, and expenditures
ACCOUNTABILITY

INITIATIVES & ACTIVITIES

Expanding Engagement: Public Policy to Meet State and Regional Needs: The Ford grant also supports our work on accountability. We sponsored a Western regional policy forum last November near Denver – with collaboration from several regional and national organizations. This project has enabled us to assist Colorado, North Dakota, Nevada, Oregon, and South Dakota with roundtables and technical assistance.

U.S./U.K. Postsecondary Education Policy Dialogue: Accountability was also one of two themes for our U.S./U.K. 2001 Policy Dialogue Conference. This has been an annual invitational event that we hold with SHEEO, the Higher Education Funding Council for England, and the British Council.

STATE SERVICES & BENEFITS

- Participation in the regional forum The Changing Face of Accountability
- Access to state-specific technical assistance
- Convening state roundtables
- Access to consultants, facilitators, and other external expertise
- Access to analytical papers on accountability issues in the U.S. and the U.K.

WORKFORCE

INITIATIVES

Expanding Engagement: Public Policy to Meet State and Regional Needs: Our efforts on workforce issues are supported by a grant from the Ford Foundation and center on four areas: nursing, college faculty, information technology workforce, and teacher education. We commissioned the Mid-continent Regional Education Laboratory (McREL) to conduct a literature review on alternative teacher education and to survey several large school districts about their experiences with teachers who had gone through an alternative education route. Both reports will be available on our Web site soon. Some of the WICHE fellows under the Ford grant are conducting small research projects related to workforce, including a supply and demand study of nursing and an examination of online nursing education.

STATE SERVICES

- Access to analytical information on workforce issues
- Participation in regional workforce forums
- Access to technical assistance, consultants, and facilitators
- Small, state-focused group of carefully selected top-level policymakers to define the issues