

Challenges Facing Leaders of U.S. Public and Land-Grant Universities

Executive Summary

Today's public universities are challenged to provide more educational value, increase degree attainment rates, and serve more students while operating with less public funding. This paper addresses a subset of issues encountered by members of the Association of Public and Land-grant Universities (APLU) as they work to more effectively serve a broad array of constituent groups.

APLU members are exploring new business models to increase efficiencies, better target academic investments, and enhance student success. New models require institutions to invest in a robust data infrastructure and to equip senior leaders with the skills to understand and use data. Selected states and the federal government are introducing metrics on institution performance and student outcomes to allocate funding. With several key metrics incomplete (graduation rates) or unavailable (employment outcomes), a priority for APLU members is the development of better tools, measures, and expertise to support external accountability and internal decision-making.

New business models often incorporate technology to increase student success through more effective and flexible learning experiences, offer greater access to underserved students, and provide cost efficiencies for the institution. The process of integrating technology raises fundamental and difficult questions about an institution's mission, culture and traditional faculty structures for many APLU universities. Decreasing levels of state appropriations and the subsequent increased reliance on revenue from tuition and fees raise still more questions about the appropriate balance of state oversight and institutional autonomy for a public state university.

Key Take-Aways

- APLU institutions are exploring new business strategies and models to increase efficiencies and better target investments. Foundational elements of new models include: reliance on data and evidence-based decision-making, a focus on student outcomes, and the application of technology to increase student success.
- Reduced levels of state funding have adversely affected the ability of universities to hire and retain faculty; consequently faculty are being asked to rethink some of their content and delivery methods, and are often being asked to take on greater workloads.
- A consequence of the shift from primarily public dollars to revenue from tuition, fees, and other external sources is the re-examination of the appropriate balance of state oversight and institutional autonomy for many public universities.
- To create an environment of fair accountability, the characteristics of the incoming student population must be taken into account when federal or state bodies gauge institutional performance based on outcome measures.



This paper outlines some of the critical issues encountered by the Association of Public and Land-Grant Universities (APLU) member institutions related to the TIAA-CREF Institute's focus on new higher education business models. The issues are presented according to the Institute's three primary thematic areas that fall under that larger umbrella, including: (1) Innovation and Financial Sustainability; (2) Workforce Trends and Issues; and (3) Institutional Governance, Leadership and Risk Management.

The Context for APLU Institutions

The 222 APLU member institutions include public research universities, land-grant institutions, and state university systems. These institutions perform a variety of roles and functions, including undergraduate and graduate education, research and innovation, and engagement in their state and beyond. The public mission of an APLU member typically includes these intertwined and overlapping functions. This complexity is both the excitement and challenge of public universities.

Annually, APLU member campuses enroll more than 3.8 million undergraduates and 1.2 million graduate students, award over 1 million degrees, employ nearly 1 million faculty and staff, and conduct more than \$39 billion in university-based research.

Each APLU university is state-based. Most were founded and usually are governed with the expressed purpose to serve the citizens of that state. Thus, there is a long-standing partnership between state governments and public institutions built on mutual trust and responsibility—trust that government would support the education of students and other university work, and trust that universities would use those investments wisely to deliver maximum benefit to students and the public. These relationships for the public good are critical to the education of citizens and to the advancement of society and the national economy. However, for more than 20 years, and acutely since the 2008 financial collapse, universities have experienced a sharp decline in state funding while at the same time being asked to educate more students.

Tuition at many campuses has increased (due in large part to diminished per student state government support) and student debt has increased. Graduation rates, particularly of low-income students and some minority groups, are criticized as inadequate. The public and lawmakers are increasingly looking at universities with a skeptical eye as they try to ensure higher education institutions provide full value to students and taxpayers—particularly in regard to undergraduate education. At both the state and federal level, policymakers are increasingly focused on accountability, student outcomes, and affordability.

At the same time, national calls to increase the degree attainment rates of U.S. citizens are growing louder. President Obama called for “best in the world” quality degree and certificate attainment rates for the country by 2020, and state systems of higher education, as well as many state legislatures, have adopted attainment goals based on the President's call to action. At the end of 2012, nearly 500 four-year public universities and colleges joined APLU and the American Association of State Colleges and Universities' Project Degree Completion initiative in which they made specific commitments as a group to do their share to raise degree attainment in the United States to 60 percent by 2025. Universities also pledged to contain educational expenditures and enhance quality and support for student access, including diversity. Project Degree Completion provides an overarching framework for much of APLU's work with member universities on undergraduate education.

This external context and pressure to provide more value, increase degree attainment rates, and operate with less public funding influences many of the issues outlined in the rest of this paper. Most APLU work with our member institutions falls within the first TIAA-CREF Institute thematic area related to innovation and financial sustainability, as institutions work to adapt their business models. We have had limited discussions with member institutions around theme two, Workforce Trends and Issues, and theme three, Institutional Governance, Leadership and Risk Management.

Theme I: Innovation and Financial Sustainability

Results from the annual APLU Finance Survey over the past four years show that member institutions are exploring new business strategies and models to increase efficiencies and better target investments in critical programs and personnel, particularly within the academic core areas. Some of the essential components of the new business models are described below.

Data/Evidence-Based Decision Making

A foundational element for institutions within an environment of limited resources, increased demand, and accountability for outcomes is the ability to make decisions based on timely, accurate and relevant information. Institutions need a robust data infrastructure, a knowledgeable institutional research staff, and senior leaders with the ability to understand and use data. Data essential for decision making includes information on the deployment of resources and the efficacy of that deployment in achieving the university's goals. Data can better inform decisions on a wide range of issues, including the design of the curriculum, the investments of faculty time in various components of the university mission, the cost and revenue structure of business components of the university (e.g. motor pools, parking, bookstores), and the attribution of costs and productivity to various units. The

complexity and diffuse character of the university mission has historically led to embedded cross-subsidies that often have not been—but now must be—carefully examined.

Although some APLU institutions have a history of using data to make decisions and to inform change, additional investments and training within this area are needed from two perspectives. First is the need for additional institutional research capacity so that the right information can be delivered to the right decision makers at the right time. This could require additional staffing and training within the institutional research office itself, and improvements to the data systems. It also could require additional involvement of IR officers in the decision-making process. Finally, leadership development and training is also necessary so that senior level executives can better understand what data is available and how to use it appropriately.

Student Outcomes

Not only do institutions need information to make better decisions and allocate scarce resources, students, families and other stakeholders need key information that is accurate and relevant so as to be able to judge institutional performance and compare outcomes. Some states and the federal government are beginning to develop methods to allocate funding based on student outcomes.

Graduation rates certainly need to be publicly reported, but the current federal method for measuring them is incomplete because it includes only full-time students who start and finish at the same institution. Students who transfer in or out of an institution (a growing percentage) either aren't counted or are counted as "failures" for the institution at which they originally enrolled. And students who attend school part-time are not counted at all. To overcome the inadequacies of the federal measure, six higher education associations, including APLU, announced the creation of the Student Achievement Measure (SAM) in June 2013. SAM reports progress and completion rates for a larger number of students—including transfer students and part-time students—and also takes into account students who attend multiple institutions. SAM provides far more comprehensive and realistic information than the incomplete federal data now reported on consumer information tools such as the federal College Scorecard.

Beyond completion rates, institutions should report on employment and other post-graduation outcomes such as enrollment in graduate school. This information will only be available with the help of the federal government and most likely requires a change of law to make such data fully available. A limited amount of other information should be reported by all institutions, including net tuition and average debt at graduation.

Unfortunately, there are no satisfactory measurements available to capture some important outcomes of a university education, such as becoming a lifelong learner, having a broader perspective on the world, and being flexible enough to successfully adjust to an ever-changing job market. These outcomes go to the core of an undergraduate degree and must be given full consideration.

Application of Technology to Increase Student Success

Technology is increasingly used on APLU campuses as a tool to increase student success by offering more effective and flexible learning experiences, providing greater access, controlling costs, and increasing student learning. While some uses of technology such as Virginia Tech's Math Emporium, and various "course redesigns" have long-established track records of success, the field is burgeoning with innovations, such as Massive Open Online Courses (MOOCs) and adaptive learning. To help institutions make smart investments in this time of rapid flux, APLU has spearheaded the conceptualization and development of a Personalized Learning Consortium, through which member universities will work collaboratively to create high quality educational content and systems and make them available at lower costs per student.

Substantial resources also have been allocated to enhance student advising functions across campuses. Integrated systems assist advisors in reaching out to students and helping ensure they are taking the right courses, have adequate support, and are aware of available campus resources.

Also important is how the technology is integrated into the institution—particularly on traditionally residential campuses. This is not a technical issue for campuses, but one of culture and mission. What is the appropriate mix of online, hybrid, and classroom-based courses? How is quality maintained across the various platforms? How are online students engaged in other classroom activities? How are services provided to these students? All of these are questions currently being asked by APLU universities.

Theme II: New Faculty Workforce Models

The results of the APLU Finance Survey of its members over the past four years have consistently shown that the reduced levels of state funding have adversely affected the ability of universities to hire and retain faculty and staff. Comments on the survey indicate that faculty are being asked to rethink some of their content and delivery methods, and are often being asked to take on greater workloads. They also report having a greater voice in how resources are allocated and frequently benefit from entrepreneurial activity that previously was not available to them.

APLU has also noted the shift to greater use of “contingent” faculty as universities concentrate more on the undergraduate teaching function, and the shift in the roles for faculty in the learning process as technology becomes more prevalent. The Personalized Learning Consortium is an organization mechanism for facilitating a beneficial transition in faculty roles. We have not explicitly tackled reinventing current faculty workforce models or examined moving toward a complete unbundling of faculty roles and responsibilities, although studies along these lines would be of interest.

Theme III: New Governance Models

As mentioned above, the revenue sources for public universities have changed dramatically over the past decade, shifting from primarily public dollars to revenue from tuition, fees, and other external sources. One consequence of this shift is a questioning of the role and purview of publicly-controlled or state-appointed governance bodies. What is the appropriate balance of state oversight and institutional autonomy in this new model? Related issues include the setting of tuition levels and the control of tuition revenue. Some universities have restructured or attempted to move outside of the traditional governance models in response to the greater importance of private philanthropy and alumni support (e.g., Wisconsin, Oregon, and Vermont).

Cutting Across the Themes—the Student Readiness Index

As discussed, many calls have been made for greater accountability from higher education institutions. Most recently, President Obama proposed that colleges and universities be given ratings by the federal government to signal to students which institutions offer the best undergraduate education for the price they charge.

Any attempt to gauge performance based on outcome measures—be they graduation rates, employment rates of graduates, cohort default rates, or exit test scores—encounters understandable reluctance from institutions concerned that the chosen indicators of performance will present them in an unfair light. For the sake of accountability, it is critical that the reported indicators accurately portray the performance that matters.

Often ignored, or sometimes used as an excuse, is the college readiness of the student population that an institution serves. A university can improve on almost any of the conventional measures of success simply by becoming more selective: that is, by admitting only students who from the outset are likely to succeed. Unfortunately, this creates

a perverse incentive: instead of improving the quality of the education and lowering costs for the students served, campuses compete for “better” students. Institutions serving many students from disadvantaged backgrounds often feel they do not get the recognition they deserve. At the same time, some institutions that appear to perform poorly can readily point to the lack of college readiness of their student clientele as the cause, whether or not that is truly the case.

To create an environment of fair accountability, the characteristics of the incoming student population must be taken into account. Ideally, we could adjust for the anticipated or likely effects of a variety of “student risk” factors among students in an admitted cohort and only compare institutions that face similar challenges in their admitted class. We could reward those that do exceptionally well by their students and dissuade students from applying to those schools that do exceptionally poorly. (Indeed, some should have their eligibility for federal financial aid revoked.)

APLU’s paper for the Bill & Melinda Gates Foundation’s “Reimagining Aid Design and Delivery” program introduced the concept of a “student risk index” that might be used to adjust for student populations’ aggregate characteristics, thus neutralizing the adverse tendency toward selectivity. For better public understanding and interpretation, we are now using the phrase “student readiness index.” APLU would like to pursue the initial development and framing of such an index. If properly constructed, we believe a student readiness index methodology could effectively obviate the need for constructing small peer groups by which to compare institutional performance. The question of whether two institutions should be considered peers might be boiled down and simplified: Do the two institutions serve students populations with similar student readiness indexes? If so, how do they compare on performance indicators? This is a fair accountability question. Institutions that achieve excellent outcomes for the student populations they serve should be rewarded; those that have much worse than average outcomes should be candidates for loss of eligibility for federal student aid.

Issues for Further Study

1. How to build additional institutional capacity so that the right information and analyses can be delivered to the right decision makers at the right time. This could require additional staffing and training within a campus institutional research office and/or improvements to the data systems. How to develop and train senior level executives so they can better understand what data is or can be made available and how to use it appropriately.

2. An examination of how to refine and better account for faculty roles and responsibilities and reallocate to more effectively execute teaching, research, and engagement roles.
3. Development of a student readiness index to adjust for student population characteristics in assessing institutional performance.
4. Development of a framework for considering the appropriate use of technology in advising and to assist learning, and how to achieve the optimal balance with traditional approaches in the delivery of courses for students of various levels of preparation.

Association of Public and Land-Grant Universities

The Association of Public and Land-Grant Universities (APLU) is a research, policy, and advocacy organization. Founded in 1887, APLU is the nation's oldest higher education association with member institutions in all 50 states, the District of Columbia, U.S. territories, and Canada.

APLU's 222 members consist of 192 public and land-grant universities, 25 state university systems, and five higher education-related organizations. The total includes 74 U.S. land-grant institutions, of which 18 are historically black institutions. In addition, APLU represents the interests of the nation's 33 American Indian land grant colleges through the membership of the American Indian Higher Education Consortium (AIHEC).