

Adding It Up

Using Metrics to Deliver a Better-Educated Workforce

BY TRAVIS REINDL

AMONG THE MANY CHALLENGES CONFRONTING states today, none is more urgent than boosting economic growth and creating jobs. Yet colleges must change to keep up with the economy's demand for talent. Trustees of public institutions must think differently about how education after high school is delivered, funded, and measured. In particular, trustees, along with governors, need metrics to help gauge whether campuses and systems are making efficient progress toward specific goals.

TAKEAWAYS

- 1 Colleges and their boards need to do a better job aligning their goals with statewide higher education goals, ensuring that the degrees they offer and the research they conduct further the economic and workforce needs of their states.
- 2 If higher education leaders want more flexibility and a larger portion of state appropriations, they need to better explain how they contribute to their states' welfare. In particular, trustees need metrics to help gauge whether their campuses and systems are making efficient progress toward specific goals.
- 3 Boards should review certain metrics related to degree completion, job credentials, and workforce gains in the state and consider those metrics in the governance of their institutions or statewide boards.

Those goals should be rooted not only in colleges' aspirations for themselves, but also what a state needs from its higher-education institutions.

A combination of forces underscores the need for change. The percentage of jobs that require education after high school continues to rise, and growing evidence suggests a mismatch between the skills of job seekers and those needed for open jobs. Health care is one area where this mismatch is most likely to occur, as technological and other advances will require occupations such as medical assistant to have more education and training.

Meanwhile, states are facing nearly \$140 billion in budget gaps over the next two fiscal years, which will bring more tough choices about investment priorities for higher education. Governors and legislators will have to think hard about what workforce skills students need most, how higher education can best deliver those skills, and where to invest limited state

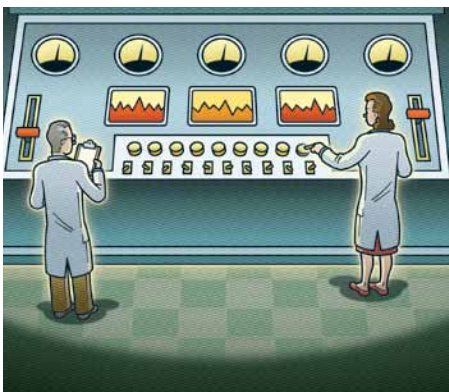
lic colleges and universities have shifted the focus of their accountability systems from inputs like enrollment to outcomes that include completion and attainment. Oregon, for example, has established the goal that, by 2025, 40 percent will have a bachelor's degree or higher, 40 percent will have a certificate or associate's degree, and another 20 percent will have at least a high-school diploma. And some 30 states have now committed to collecting and reporting common completion metrics developed by the National Governors Association Center for Best Practices and Complete College America. These metrics include remedial-education rates and time and credits to degree, which are not collected by the federal government through its data system.

Because of the difficult fiscal situation in many states, higher education institutions are also seeking greater levels of autonomy so as to become more efficient and ultimately save time and money. In Ohio, for instance, "enterprise universities" will have more

number of certificates and degrees in relation to the number of college-educated adults in the workplace provides an indication of whether states' higher education systems are overproducing or underproducing credentials in particular areas. Additionally, measuring certificates and degrees relative to the number of adults without a credential helps to answer the question of how far colleges and universities are reaching into the state's pool of potential enrollees.

Colleges and their boards need to do a better job aligning their goals with statewide higher education goals, ensuring that the degrees they offer and the research they conduct further the economic and workforce needs of their states. Whether institutions are free-standing or part of a statewide system, they should all pull together in the same direction—establishing and monitoring key metrics to measure progress. For their part, statewide higher education

Colleges face an unusual opportunity to help states regain their competitive



funds. Already, for example, a number of states are basing a portion of their appropriations to colleges and universities on the number of students who obtain degrees or certificates.

In addition, the students seeking higher education today are from groups that have historically attended and completed college at lower rates—low-income and adult students, first-generation students, and students of color. If success rates for those groups of students do not improve, states will have even fewer educated workers to meet the demands of the labor market.

To be sure, many states and their pub-

lic flexibility and freedom in exchange for meeting certain performance benchmarks, such as increasing retention and graduation rates and improving affordability.

But more work must be done. States must focus more on measuring higher education's effectiveness and efficiency especially when it comes to producing career-ready graduates. To that end, the NGA Center has identified four basic questions and related metrics that will help governors, on the state level, and board members, on the institutional or state level, assess the performance of their campuses and systems, as well as establish and evaluate investment priorities:

- **How well are institutions meeting the state's need for an educated workforce and supporting progress toward longer-term economic goals?** Understanding the relationship between the supply of educated workers and the demand for them is essential for creating an economic-development strategy. But most states have limited or dated information in this area.

For example, looking at trends in the

boards are responsible for putting plans and metrics in place and helping individual colleges translate them to their own institutional objectives.

- **Of the students enrolled, how many students are graduating?** Given states' current and expected limits on resources, maximizing output in relation to input will be an increasingly important issue for policy makers and higher education leaders. States that fail to improve in this area will probably fall behind in the race to capture high-skill, high-wage jobs. Tracking the number of certificates and degrees awarded per 100 students enrolled is a generally accepted measure for such progress, one already employed by a number of states, including Tennessee. Board members should ask to see data on completion relative to enrollment on at least an annual basis. If this ratio increases or decreases significantly from year to year, board members should ask for additional information—is the change occurring because of something related to enrollment or something that is affecting completion?

- **What is the return on investment for states and institutions in terms of the number of completed certificates and degrees?** More tough choices about how to spend scarce state dollars lie ahead, and measures that connect investments with outcomes should be part of that process. The Delta Project on Postsecondary Education Costs, Productivity, and Accountability has contributed to states' understanding by analyzing educational spending per completion at the campus and sector levels. Armed with such data, board members should be prepared to ask tough questions based on the trends. For example, if cost-per-completion is rising, is the institution doing enough to manage time-to-degree? If cost-per-completion is falling, is student learning suffering? In addition, looking at state and tuition revenues per completion, and weighting completions according to labor-market demand, can

tems publish volumes of data and reports, but often relatively little of that information is regularly or substantively consulted in shaping budgets, allocating funds, or approving and evaluating programs. That represents a double loss: first, not using important information to inform policy decisions, and second, wasting staff time and resources that institutions and states can ill afford to lose. Trustees should review specific metrics related to degree completion, job credentials, and workforce gains in their state and consider those metrics in the governance of their institutions or statewide boards.

Improvements can be made in finance, as a growing number of states are changing their funding policies to allocate a portion of each institution's appropriations on the basis of its meeting or exceeding benchmarks on key performance metrics. Those policies differ from their predecessors in that performance is defined not just in terms of graduation rates, but also

Putting Degree Completion, Productivity, and Metrics Front and Center

Sixty higher education and state officials, including the current chair of the National Governors Association, Gov. David Heineman of Nebraska, discussed degree completion and productivity and ways to measure both at a December 2010 event at the University of Virginia. Funded by Lumina Foundation for Education and co-sponsored by AGB and the university's Miller Center of Public Affairs, the gathering resulted in a report, *Front and Center*, that made several recommendations, including: "State governing and coordinating boards, working with governors and legislators, should assume leadership roles with two major responsibilities: set clear, measurable and institution-specific performance goals for colleges and universities; and create funding mechanisms that link to those goals, such as emphasizing the completion of courses and programs of study, not just enrollment." *Front and Center* is available at agb.org/reports.

footing by increasing completion and attainment.

help to round out the picture when it comes to evaluating return.

- **How can colleges demonstrate that degree-attainment and efficiency gains are being achieved without sacrificing student learning?** Increasing degree attainment and efficiency are important, but only to the extent that graduates have the skills and knowledge they need to compete in a global economy. While researchers and policy makers don't completely agree on how to measure college-level learning, governors and board members can insist on substantive and transparent evidence that graduates are gaining the knowledge and skills they need. This includes measures like the Collegiate Learning Assessment, results from licensure and certification exams, job-placement rates, and employer-satisfaction surveys, to name just a few.

Board members, as well as governors, can promote more and better use of measures like those I've described in making key policy decisions. Campuses and sys-

tems in terms of participation and success rates for at-risk students and time and credits to degree. The stakes are also higher. For example, Arkansas will award 25 percent of its base funding according to performance on key indicators (e.g. degree completion for at-risk students and degree production in areas of high economic need) by 2018.

States will also most likely continue to provide regulatory relief to campuses and systems in exchange for meeting or exceeding specific performance targets. Virginia and Colorado led the nation in establishing performance contracts and compacts several years ago; both are now renewing those efforts, and other states are considering similar options. Amid the push to deregulate, however, it is important for boards and institutional leaders to remember that state needs still matter. Autonomy should benefit all parties, not just the colleges and universities seeking it. If higher education leaders want more flexibility and a large portion of state appropriations, they need to better explain how they will use the state's investment and contribute to its welfare.

Colleges face an unusual opportunity to help states regain their competitive footing by increasing completion and attainment. But that opportunity could be missed unless policy makers and higher education leaders—including board members—insist on an investment strategy for higher education that is built on better measures of efficiency and effectiveness. ■

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T'SHIP LINKS: William G. Bowen, Matthew M. Chingos, and Michael S. McPherson, "Crossing the Finish Line: Completing College at America's Public Universities." November/December 2009. William Kirwan, "Can We Achieve Our National Higher-Education Goals?" September/October 2009. Denise Merrill and Geanie Morrison, "Getting By Isn't Good Enough for Higher Education." July/August 2009.

OTHER RESOURCES: Travis Reindl and Ryan Reyna, *Compete to Complete. From Information to Action: Revamping Higher Education Accountability Systems* (NGA 2011).