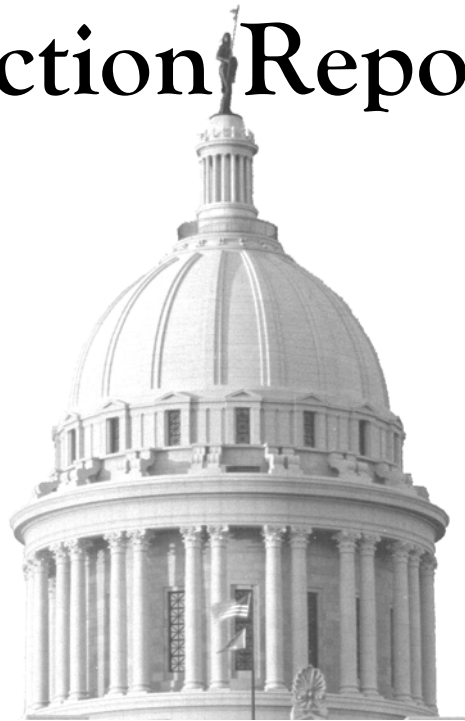




State Governance

Action Report



Ingram Center for Public Trusteeship and Governance
Association of Governing Boards of Universities and Colleges

October 2007

The Association of Governing Boards of Universities and Colleges strengthens and protects this country's unique form of institutional governance through its research, services, and advocacy. AGB is committed to citizen trusteeship of American higher education.

The mission of the Richard T. Ingram Center for Public Trusteeship and Governance is to strengthen the relationship between state government and public higher education by enhancing the effectiveness of citizen governing and foundation boards and their trustee members. We accomplish this by forging partnerships with state government and higher education associations, conducting policy analysis and research, and working directly with AGB-member boards and chief executives. The Center is dedicated to helping all stakeholders improve the governance and trusteeship of public colleges and universities and their related foundations. In addition, the Center is committed to advancing enlightened public policy that contributes to healthy higher education institutions, both public and independent.

To achieve this mission, the Ingram Center for Public Trusteeship and Governance:

- Provides consulting services and short-term action research directed at governance and policy challenges, including engagements solicited through RFPs;
- Facilitates policy dialogues among the state's political leaders, the business community, and academic leaders;
- Provides statewide and regional trustee education and board development programs;
- Offers programs and services to enhance the performance of public college and university foundation boards;
- Advances a reform agenda for citizen trusteeship including strategies for merit selection of board members.

Ingram Center for Public Trusteeship and Governance
Association of Governing Boards of Universities and Colleges
One Dupont Circle, Suite 400
Washington, DC 20036
202/296-8400
www.agb.org

October 2007. Visit www.agb.org/statepolicy for the most recent developments.

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State Policy Developments Overview

Welcome to the Ingram Center's State Governance Action Report. Compiled in this report are state policy developments, including legislation, commissions, and studies, affecting the structure, responsibilities, and operations of public higher education governing boards and institutionally related foundations. We will send out periodic electronic action reports with updated state policy developments and regularly will update our database at <http://www.agb.org/statepolicy>.

Governance and governance-related issues are at the forefront of higher education policy debates in several states. And if the states' fiscal outlook continues to sour over the next year, as early warning signs from groups such as the National Conference of State Legislatures indicate, then higher education governance may become even more of a target for change by state policymakers. State-level governance restructuring may be seen (oftentimes, incorrectly) as a means to greater efficiency. It also may be seen, however, as a way to increase secondary and post-secondary collaboration and enhance the state's higher education policy capacity in order to address several other issues on the state's public agenda. Higher education institutions also may see a downturn in the economy as a viable means to achieve greater fiscal and management autonomy if state support of public higher education is subject to budget cuts.

Some boards, particularly those with statewide responsibilities, have made addressing state needs an internal priority. The University of North Carolina Board of Governors, for example, created the University of North Carolina Tomorrow initiative to study future challenges facing the state and how the university system and its 16 campuses can address those challenges. The Florida board of governors, the statewide governing board for all the state's public universities, focused on the future of the Sunshine State when it commissioned a consultant to create a blueprint for higher education. The blueprint's proposed radical changes in the university structure were the subject of widespread criticism and discussion. Yet, the blueprint was a reasonable attempt to match the aspirations of Florida's universities with the fiscal constraints and needs of the state.

► Read more about policy developments affecting **governance, coordination, and accountability** on page 21

Ethics was also a focal point in some states, as improprieties at the University of Medicine and Dentistry of New Jersey (UMDNJ) and Alabama's two-year college system led to the evaluation of governance at both institutions. A court-appointed federal monitor uncovered numerous financial problems at UMDNJ, which led to the legislature increasing the size of the board and requiring it to develop a code of ethics. The legislature also created a separate board of trustees to oversee the university's hospital in Newark. In addition, New Jersey Governor Jon Corzine made ethics a priority, issuing an executive order in 2006 with strong conflict of interest requirements for all public college and university governing board members. In Alabama, several administrators were forced out over charges of nepotism and money laundering, and ethics education was required of

► Read more about policy developments affecting **conflict of interest and board ethics** on page 11

► Read more about **New Jersey** ethics on page 10

all administrators and staff. The issue of board ethics has been a concern of AGB's Ingram Center as well, as we are finishing an analysis of recent state ethics policies to be released this fall.

The 2006 elections provided an opportunity for substantial changes to higher education governance in several states through both ballot initiatives and governor's races.

Changes in board member appointment processes were on the 2006 ballots in Nevada and Hawaii. A constitutional amendment in Nevada would have provided for gubernatorial appointment of most members of the statewide board of regents, but failed to gather enough votes. (The board is currently chosen in the general election). The legislature has started the amendment process again in 2007, passing a similar but improved amendment that will go to the voters in 2010 if passed again in the next legislative session. A constitutional amendment did pass in Hawaii to create a candidate advisory council to advise and assist with appointments to the statewide board of regents. Enabling legislation outlining the composition of the advisory council passed in the 2007 legislative session, but it was not without controversy and passed over Gov. Linda Lingle's veto. This year, Massachusetts and Minnesota also underwent changes in board member appointment processes.

► Read more about policy developments affecting **board member selection and board composition** on page 7

Several governor's campaign platforms and initial actions also addressed the importance of higher education governance. Gov. Ted Strickland of Ohio was successful in his legislative efforts to make the chancellor of higher education a cabinet-level position. The board of regents, the state's higher education coordinating agency, previously selected the chancellor as its head, but the bill enacted this year made the chancellor a gubernatorial appointment and changed the board of regents so that it is an advisory board to the chancellor. Gov. Deval Patrick of Massachusetts created the Readiness Project to improve K-16 education and included in the project a proposal to offer free tuition at the state's community colleges. Shortly after announcing the project, he added a review of the University of Massachusetts System, including structure and campus interaction, to the project's agenda in the wake of proposals to change the operations of the system.

► Read more about policy developments affecting **P-20 coordination** on page 29

TABOR amendments (the "taxpayer bill of rights" first enacted in Colorado) were on the ballot in three states in 2006. Statutory TABOR language was also introduced in three state legislatures in 2007. The amendments and bills would have imposed strict limits on state spending, but failed in all six states. Despite the defeat, backers are likely to try to get TABOR on the ballot or on legislative agendas again in 2008.

► Read more about **TABOR** on page 16 or go to www.agb.org/tabor for the full story

As always, tuition is a hot political issue for state policymakers. The Maryland General Assembly and new governor Martin O'Malley extended what had been a one-year tuition freeze at the University System of Maryland another year after major tuition increases and budget cuts in the early part of the decade. Legislatures in Minnesota, Missouri and Washington did not go so far as to freeze tuition, but imposed limits on tuition

increases or asked boards to limit increases as a condition of their appropriations. By far, however, the biggest tuition fight was in Florida, where the issue of tuition-setting authority between the board of governors and the legislature was ignited this summer when Gov. Charlie Crist vetoed the legislature's 5 percent tuition increase at the state's public universities. Former governor Bob Graham and others sued the legislature, arguing that the statute giving legislators power over in-state undergraduate tuition conflicted with the constitutional authority of the board. The board of governors joined Graham's lawsuit shortly after it was filed. In a separate move earlier this spring, the legislature granted the board authority to establish tuition differentials for some of Florida's public universities. Continued tuition freezes and fights over tuition like that in Florida will likely intensify if many state's budget forecasts hold true and resources for higher education tighten in the next few years.

► Read more about policy developments affecting **tuition** on page 13

2006 Highlight

Washington Learns

Gov. Chris Gregoire's Washington Learns initiative released its report in November 2006 "on developing a world-class, learner-focused, seamless education system for our state." While originally created primarily to study funding issues, the initiative ended up focusing on developing a plan to improve P-20 education and to align higher education with the state's high-tech economy. The initiative's goals include providing all Washingtonians with access to affordable postsecondary education, increasing enrollment in college, with particular attention to math and science curricula, and building a well-trained and educated workforce that will meet the needs of a knowledge-based economy. To achieve these goals, Washington Learns recommended:

- Aligning high school graduation and college entrance requirements
- Developing a web-based advising program that will inform students about the classes needed for graduation and the transferability of credits
- Creating scholarship programs for first-generation and low and middle-income students, including targeted programs for those who have an interest in a math or science major and score at the top of the state's math tests
- Directing higher education investments in high-demand fields and contracting with independent colleges in the state to provide high-demand degrees when there is no space available in public colleges.

However, the initiative did not ignore funding issues. It recommended that the legislature establish a goal to fund the state's public higher education at at least the 60th percentile of peer states and to cap tuition increases at 7 percent annually. In return for increased funding, the governor's 2007 budget will describe expectations for improvements in outcomes, such as an increase in degrees and more low and middle-income students admitted to programs.

Washington Learns also called for the Higher Education Coordinating Board to be restructured. It recommended that the board have representatives from each of the higher education subdivisions (community and technical colleges, public colleges, independent colleges and workforce training schools) appointed by the governor and that the executive director be appointed by the governor from a list of candidates submitted by the board. Currently, the board appoints its own executive director, which is a Cabinet position in the governor's office. Finally, the governor will also create a P-20 council through executive order as part of the initiative that will track progress of Washington Learns' initiatives and establish indicators of success.

Board Member Selection and Board Composition

Hawaii Candidate Advisory Council

In 2006, voters in Hawaii approved a constitutional amendment creating a candidate advisory council to provide the governor with a pool of qualified candidates from which he or she would have to appoint regents to the University of Hawaii Board of Regents. The amendment did not affect the regents' terms or Senate confirmation of the regents.

The composition of the candidate advisory council was left to be determined by the legislature in the 2007 session. The legislature considered six bills in the 2007 session, ultimately passing Senate Bill 14. The bill was vetoed by Gov. Linda Lingle, but her veto was overridden by the House and Senate.

SB 14 will increase the board to 15 members from its current 12, lengthen terms to five years from the current four years, and eliminate the limits on the political affiliation of regents. The bill will also impose a geographical distribution requirement for 12 of the regents.

However, the focus of the bill is the candidate advisory council, which will be composed of:

- One member appointed by the president of the Senate
- One member appointed by the speaker of the House
- One member appointed by the governor
- One member appointed by the co-chairs of the University of Hawaii faculty senate
- One member appointed by the chair of the University of Hawaii student caucus
- One member appointed by the chair of the association of emeritus regents
- One member appointed by the president of the University of Hawaii alumni association.

Members of the candidate advisory council will have four-year terms, and the candidate advisory council will be selected in a nonpartisan manner. Finally, the bill prohibits members of the candidate advisory council from running for or holding any elected office while they serve.

Nevada SJR 4

An initiative to provide the governor with appointments to the Nevada System of Higher Education Board of Regents failed at the ballot in the 2006 general elections by 8,000 votes. The initiative (Assembly Joint Resolution 11) was put on the ballot for voter approval after the Nevada Legislature approved it in 2003 and 2005. AJR 11 sought to amend the state constitution to provide for gubernatorial appointment of some members

“This bill is objectionable because it contradicts what public citizen trusteeship should be – that is, citizens who are independent in their individual and collective judgment and who serve the people of Hawai‘i, not special interest groups.”

- Lingle, in her veto message

of the board and election of other members, which would revise the current system in which all board members are elected. The amendment would have reduced the board from 13 seats to nine and required that one representative be elected from each congressional district (currently there are three), with the remainder of the board being selected by the governor. In addition, no more than two-thirds of the appointed members to the board would have been allowed to be from any one political party.

Despite the 2006 result, the legislature returned to the process of amending the state constitution to provide for gubernatorial appointment of the board in the 2007 session. Both chambers passed Senate Joint Resolution 4, which provides for gubernatorial appointment of the board and legislative control over the number of regents, terms of office, qualifications, and duties of the regents and the board. The resolution must also pass the 2009 Nevada Legislature and be approved by the voters in 2010 in order to take effect.

California AB 1413

AB 1413 would authorize each of the five ex officio trustees of California State University to appoint a single staff member to attend meetings and act on his or her behalf. However, the bill would prohibit staff members from attending closed sessions or voting on a trustees' behalf. An earlier version of the bill called for conflict-of-interest provisions and would have added two Senate appointments to increase the board to 27 trustees from 25, but those provisions were struck from later versions of the bill.

The bill would also create stricter limits on California State University executive compensation. All contracts for executive officers would have to be approved before the full board at a duly noted meeting, and limits would be placed on transition pay and "trustee professorship" compensation given to former executives for employment agreements approved in 2008 and later. The bill is currently awaiting action by the governor.

Massachusetts Public Education Nominating Council

In May, Gov. Deval Patrick restored the Public Education Nominating Council, which will provide the governor with candidates for the state's higher education governing boards. The 12-15 member council, created in 1991 by then-Gov. William Weld, will be chaired by Judith Block McLaughlin and will recommend two names to the governor for each vacancy, with the governor making the final decision.

"The importance of this assignment cannot be overestimated. The council members will, quite literally, be primary partners in creating the team of leaders who will move public higher education in the Commonwealth forward."
- Patrick, in his executive order

Minnesota HF 1063

Minnesota's higher education funding bill included changes in the board member selection process for the Minnesota State Colleges and Universities (MnSCU) Board of Trustees and the University of Minnesota Board of Regents. The new legislation inserts a requirement that the governor "consider the needs of the Board of Trustees and the bal-

ance of the board membership with respect to labor and business representation and racial, gender, geographic, and ethnic composition” when appointing MnSCU trustees.

The legislation enacted more significant changes in University of Minnesota regent selection however, stripping the governor of his or her appointing power. Previously, an advisory council provided recommendations to the governor, who would then appoint regents from the recommendations with the final approval of a joint legislative committee. HF 1063 removes the governor from the process, and in his or her place creates a regent nomination joint committee, composed of the members of the higher education budget and policy divisions in each chamber of the legislature. The advisory council will pass its nominations to the regent nomination joint committee, which will consider the advisory council’s recommendations and either nominate its own candidates or those of the advisory council to a joint convention, with no more than one nominee for each vacancy. The regent nomination joint committee must consider the needs of the board and the balance of board membership with respect to gender, racial, and ethnic composition when nominating prospective regents.

The bill also noted that the legislature expected the board of trustees to limit tuition increases at its constituent campuses to 4 percent annually in the next two years in exchange for the state’s almost 12 percent appropriations increase to MnSCU. In addition, the legislature changed its statutory funding policy following the recommendation of the 2006 Task Force to Study the Implementation of Higher Education Funding Policy. The funding policy used to state that the legislature intended to provide 67 percent of instructional costs, but the language was changed to state that tuition, fees at the University of Minnesota, plus general fund appropriations will provide 67 percent of instructional costs.

North Carolina HB 893

This bill would have provided the president of the University of North Carolina association of student governments, who serves as an ex-officio member of the board of governors, with a vote and would have prohibited him or her from appointing a designee to serve on the board. The bill passed the House of Representatives but died in a Senate committee.

New York S5395

This bill would require that at least four gubernatorial appointees on the State University of New York Board of Trustees be alumni of an educational unit within the university. However, the bill provides that a former trustee, vice chancellor or vice presidential-level administrator or higher, or a former faculty member who was tenured for at least four years will be considered as an alumnus for appointment purposes. It is currently awaiting action in the Senate Higher Education Committee.

► Go to www.agb.org/statepolicy for the updated status of bills still under consideration

Oregon HB 2579

HB 2579 has been enacted and will increase the number of directors on the State Board of Higher Education (SBHE) by one to a total of 12 directors. In addition, two directors of the SBHE will have to be faculty members at Oregon's public universities. Currently, no more than one director can be a faculty member. The SBHE governs all four-year public colleges and universities in Oregon.

New Jersey Ethics

An investigation started in 2006 by a federal monitor into Medicare and Medicaid fraud at the University of Medicine and Dentistry of New Jersey (UMDNJ) uncovered significant mismanagement, no-show jobs, and political patronage at the school. Due to these problems, the New Jersey State Legislature approved legislation to restructure UMDNJ's governing board in 2006. The legislation (Assembly Committee Substitute for A2900 and A2818) increased the board to 19 members from 11, with the governor having appointment power for all members of the board. Two members will be appointed upon recommendation of each of the Senate president and speaker of the General Assembly, with the remaining 15 candidates appointed with the advice and consent of the Senate. Additional components of the bill include residency, geographic, and diversity requirements, a requirement to adopt a code of ethics, including a conflict-of-interest policy, and a requirement to create a procedure for confidential submission of alleged wrongdoing at the university and health care facilities by employees.

In addition to increasing the board size, the legislature created the Legislative Task Force on Higher Education and the Economy to examine the possibility of restructuring the state's public higher education by merging UMDNJ with Rutgers and the New Jersey Institute of Technology. The task force is also focusing on improving higher education with the goal of increasing private sector and federal investment. Recommendations are expected by the end of this year.

Gov. Jon Corzine also chose to address ethics, issuing strict ethics guidelines in his first executive order covering many state agencies, including UMDNJ and the state's higher education governing boards. The order required all covered parties to file a personal financial disclosure form that included disclosing personal and spousal income and investments and liabilities of more than \$1,000. The information would be posted online and kept on record for five years following the end of the board member's service. However, the order was quickly deemed too intrusive for volunteers serving on boards and was superseded by an order directed at governing board members. The replacement order focused on conflicts of interest, requiring that universities provide a list of vendors and that board members identify business holdings on the list that might present a conflict of interest.

Conflict of Interest and Ethics

Alaska Committee Substitute for HB 237

This bill, which did not pass the House, would have allowed the governor to remove or suspend a regent for good cause and provided for the removal or suspension procedure to include due process. It also would have required that the university and board be insulated from politics in the process. "Good cause" for removal was defined to include an ethics violation, felony conviction, misdemeanor conviction involving the University of Alaska, dishonesty or breach of trust, nonfeasance in office, or failure to meet the requirements for qualification of a regent. For a suspension, "good cause" included a felony indictment or formal misdemeanor charges that could lead to removal.

Alabama's two-year college system

Presidents and all senior administrative staff of Alabama's two-year college system underwent ethics training by the Alabama Ethics Commission in June, and all system employees will ultimately go through the training. The training comes in response to a wide-ranging scandal of which details are still emerging that has implicated several senior administrators on charges of nepotism, money laundering and theft of financial aid.

Gov. Bob Riley and new system chancellor Bradley Byrne have reacted to the scandal by trying to prohibit "double-dipping," in which two-year system employees also serve as legislators. The dual role of some legislators has raised conflict-of-interest issues. Riley originally tried to make statutory changes, but the changes did not move anywhere in the legislature, so he brought his proposal to the board of education. In August, the board approved the changes, which will bar legislators from working in the two-year college system starting in 2010 and in the mean time will require legislators to use paid leave at their institution while serving in the legislature. Byrne would have to approve any unpaid leave taken for legislative duties, and he has said he is unlikely to make such approvals. The Alabama Education Association has sued Byrne and the board to stop the implementation of the ban.

"My first priorities are going to be to meet with people within the system and make sure they understand where I'm coming from and what I expect from them. And then my second priority would be to go sit down with the people who are performing the criminal investigations and then start the process of implementing reforms to bring our system into compliance, not only with the law, but with good, sound public management practices."

- Byrne

California Executive Compensation

In response to controversial compensation, benefits and bonuses approved by the University of California Office of the President for university senior officials without review and approval by the University of California Board of Regents, the board created a Universitywide Corrective Action Plan, which the board approved in March. The plan acknowledged that there were broad systemic issues involving inadequate administration or errors in administration and concluded that the president and regent's Committee on Compensation ultimately are responsible for the compensation and human resources

policies affecting senior staff. In order to prevent future problems, new policies were outlined in each area where violations occurred, including increased verification that no staff receives additional benefits, procedural safeguards, and more-detailed annual reports to the president and regents on total compensation and exceptions to policies.

The establishment of the Committee on Compensation as a standing committee was only one of several steps the regents took in reaction to the compensation controversy. The regents also created several new positions that report directly to the regents, including a chief compliance and audit officer, and audited severance agreements, compensation packages, travel and entertainment expenses, and compensation practices. Audits of senior management compensation will continue on an annual basis. The compensation committee also changed its practice so that it votes in open session on compensation items requiring regent approval.

“While none of the reviews indicated excessive compensation levels, they all pointed to a variety of operational shortcomings in the way senior management compensation, benefits and related matters are approved, monitored, and reported.”
- Robert C. Dynes, president of the University of California

University of California Policy on For-Profit Board Service

The Board of Regents of the University of California approved an Interim Policy on Outside Professional Activities for University Officers and Designated Staff in January in response to concerns over the number of for-profit boards some staff served on. The interim policy will remain in place until a permanent policy is enacted and will limit senior managers and designated officers to serving on no more than three for-profit boards, unless they have advance approval from the chair of the Committee on Compensation of the Board of Regents and president of the University of California. It will also require employees serving on any boards to obtain prior written approval from their immediate supervisor and ban board service that is deemed to negatively impact the employee’s work or that poses a conflict of interest. Employees have until December 31 to comply with the limits on board service or obtain approval to continue to serve on more than three boards.

Find the full text of all policy developments online at www.agb.org/statepolicy.

Tuition Policy

Missouri SB 389

SB 389 is a wide-ranging and controversial bill addressing donor privacy, student transfer between state institutions, scholarships, limits on tuition increases, and the Missouri Higher Education Loan Authority (MoHELA). The bill's provision to require MoHELA to distribute \$350 million of assets over the next six years to be appropriated for capital projects at public colleges and universities and commercializing university technological developments generated the most controversy, including a lawsuit, but the bill also created strict limits on tuition increases at state campuses. For institutions whose tuition is above the average, tuition increases are limited to the percentage change in the consumer price index. For institutions whose tuition is below average, increases are limited to the percentage change in the consumer price index multiplied by the average tuition. Any school wishing to exceed these limits must appeal to the commissioner of higher education to be waived from the requirements.

In addition to empowering the Coordinating Board for Higher Education and its commissioner with the ability to waive tuition limits, the bill provides the board and the commissioner with the authority to fine institutions not complying with the tuition limits, board policies, and other state education policies and rules. Included in the board's new duties are to administer financial aid, develop performance measures for institutions and the state, improve transfer of entry level courses and resolve disputes between public colleges using binding arbitration.

The legislation also contains a provision to increase donor protection by closing records containing estate information and personal financial information, including tax returns, of donors or potential donors to the University of Missouri. It also requires two and four-year institutions to establish common entry-level course competencies and ease transfer of credits in exchange for increases in state appropriations.

Arizona suit over tuition increase

In August, the Arizona Supreme Court unanimously ruled in favor of the Arizona Board of Regents, which was sued for allegedly violating the mandate in the state constitution that public higher education in the "state be as nearly free as possible" when it raised tuition by 39 percent in 2003. Four students had sued the board and state, arguing that the board had made tuition unaffordable and that tuition was increased because of arbitrary budget requests by university presidents. The students also sued the legislature for allegedly neglecting its constitutional duty to ensure the proper maintenance of higher education by not increasing appropriations in 2004, but that portion of the suit was dismissed in a lower

"The Board has sought to effectuate the constitutional mandate [to keep tuition as nearly free as possible] by voluntarily restricting its ability to set tuition above the bottom third of tuitions charged by peer institutions. If the Legislature believes tuition should be lower, it is free to enact a different policy or to set tuition itself."
- Arizona Supreme Court, in asserting that effective checks are in place and that the tuition policy should not be subject to judicial review

court. The board argued that it was immune from the lawsuit because setting tuition is a fundamental government policy, and that even if it weren't immune on those grounds, that the tuition increases were needed for financial aid and construction, and that the board had met its constitutional responsibilities, as tuition was still in the lowest one-third of public universities.

The Supreme Court focused on two issues, asking whether the board's decisions with regard to tuition are subject to judicial review, and if so, whether the students demonstrated that the board exceeded its discretion to set tuition with the increase. The court ultimately found that the standard of whether tuition was "nearly as free as possible" was a political question to be addressed by the board and legislature and not one that could be assessed through judicial review.

The case is *John Kromko, Rachel Wilson, Adrian Duran and Sam Brown v. Arizona Board of Regents and State of Arizona*, CV-07-0018-PR.

Florida Committee Substitute for SB 1710

The bill authorizes the Board of Governors of the State University System of Florida to establish undergraduate tuition differentials for certain institutions. Florida public universities currently have among the lowest undergraduate resident tuitions in the country, and the legislature has been unwilling to raise tuition quickly at least partially because it would require a corresponding increase in state-funded scholarship programs. This has left the state's research universities lagging their peers in resources.

► Read more about Florida's governance situation and tuition on page 21

The differential will be capped at 40 percent for Funding Level I and 30 percent for Funding Level II institutions. Currently, the University of Florida and Florida State University meet the level I criteria and the University of South Florida meets the level II criteria. The limit on the growth of tuition combined with the differential will be capped at 15 percent annually, and the revenue generated from the differential will have to be spent on directly improving undergraduate instruction and support services. The differential will not be covered by the state's Bright Futures scholarship, meaning that students and their families will have to cover the cost unless they are already enrolled in the state's prepaid tuition program. The differential also does not remove the legislature's responsibilities in setting tuition.

The tuition differential originated from the University of Florida, which wanted to assess a \$1,000 annual fee to its students to create an academic enhancement program. The University of Florida plan went to the legislature, which substituted the current bill for the University of Florida plan in committee.

Gov. Charlie Crist signed the bill after initially indicating that he would veto it. One reason he changed his mind is that the presidents of the eight institutions not receiving the tuition differential all supported the legislation. The schools receiving the differential all

also agreed to delay implementation until the fall of 2008 in order to allow incoming students more time to prepare for the increase. Students enrolled at the affected universities before fall 2008 will not be required to pay the differential.

Maryland HB 134

House Bill 134 extended the tuition freeze in the 2006-07 academic year to the 2007-08 academic year at the institutions that are a part of the University System of Maryland and Morgan State University.

Montana College Affordability Plan

Gov. Brian Schweitzer and the Montana Board of Regents of Higher Education created the College Affordability Plan in 2006, an agreement that the regents would not increase tuition in Montana for the biennium in exchange for \$50 million in increased funding in the 2007 budget. As part of the plan, the regents also agreed to limit mandatory fee increases to inflation, with exceptions to the limit requiring student government approval. The legislature approved the funding increases set out in the plan in HB2 during the 2007 special session.

New Jersey College Promise

The New Jersey Association of State Colleges and Universities has announced a new initiative called the New Jersey College Promise. The initiative has several objectives:

- To translate citizen concerns about affordability into policy that expands access and increases affordability
- To create a legislative and policy agenda for affordability that emphasizes what both the state and the institutions can do to keep student costs down
- To gather and put into practice the best ideas on institutional efficiency and cost-effectiveness
- To maximize institutional flexibility and protect the institutions from political interference.

The nine-member association has appointed an outside advisory council that will meet three times over the course of the next several months and offer its advice to the association and its member institutions.

Ohio HB 119

Ohio's biennial budget bill froze tuition at all of Ohio's public institutions of higher education for two years and increased appropriations by \$120 million to cover the revenue that will be lost from tuition increases.

Oklahoma HB 2103

Gov. Brad Henry expressed reservations about the effects HB 2103 would have during an economic downturn, but signed the bill as part of a budget agreement with the legislature. The bill will require each institution within the Oklahoma State System of Higher

Education to offer guaranteed tuition to first-time in-state undergraduates starting in the 2008-09 academic year. The guaranteed tuition will offer students a flat tuition for at least four years at four-year institutions and two years at two-year institutions, and the guaranteed tuition at an institution cannot exceed the nonguaranteed tuition by more than 15 percent during the guarantee period. Students will have the choice at enrollment of selecting guaranteed or nonguaranteed tuition.

Washington SB 5806

Arising from the recommendations of Gov. Chris Gregoire's Washington Learns initiative, this bill will limit tuition increases charged to resident undergraduates to 7 percent annually through the 2016-17 academic year. The bill also requires the state to adopt as its goal a per-student funding level that is at the 60th percentile of total per-student funding at similar public institutions in the global challenge states. The Office of Financial Management will report annually to the governor, the Higher Education Coordinating Board, and legislative committees on the progress being made toward the state's funding goals.

Wisconsin SB 40

The State Legislature's Committee of Conference has been meeting to resolve differences in versions of the budget bill passing the Assembly and Senate, including whether to cap tuition increases on residents attending the institutions in the University of Wisconsin System. Lawmakers have agreed on a 4 percent limit on increases to resident tuition through 2010-11 as part of negotiations on reconciling the different versions of the budget bill, but full agreement on the bill has not yet been reached.

TABOR

Sixteen states saw legislation, petition drives, or ballot initiatives to enact the taxpayer bill of rights (TABOR) in 2006. On the heels of the 2006 drive, three states (South Carolina, Georgia, and Pennsylvania) considered legislation in 2007 to cap state revenue or appropriations increases at the rate of population growth plus inflation or the increase in the consumer price index. None of the bills passed the legislatures.

► Read the full story of TABOR at www.agb.org/tabor

Read about **Minnesota HF 1063**, which limits tuition increases to 4 percent at institutions in the Minnesota State College and University system, on page 8.

Find the full text of all policy developments online at www.agb.org/statepolicy.

Institutionally Related Foundations

Hawaii HB 670

Hawaii House Bill 670 would clarify what information and records concerning donors to the University of Hawaii and University of Hawaii Foundation would be subject to disclosure. It would protect from disclosure any individual donor's personal, financial, gift planning or estate matters, any donor solicitation strategies of the university or foundation, and donor records that that may lead to the discovery of the identity of an individual donor who has requested anonymity. The amount, date, and purpose of individual donations would not be protected, nor would corporate donations or the name of a donor not requesting anonymity. In addition, the bill specifically exempts from protection the identity of any donor who directly or indirectly transacts more than \$10,000 of business with the university or foundation within three years of any donation. The bill passed the House of Representatives before dying in the Senate.

University of Louisville Foundation

The Kentucky Supreme Court heard a case concerning donor privacy at the University of Louisville Foundation in March.

The *Courier-Journal*, published by Cape Publications, made an open-records request in 2001 for certain donor identities and donation amounts to the University of Louisville Foundation. The foundation denied the requests, claiming that it was a private corporation and that even if it were a public agency subject to Kentucky's Open Records Act, disclosure would constitute an unwarranted invasion of personal privacy.

Cape Publications sued, and the case made its way to the Kentucky Supreme Court this year. Cape argued that the foundation is a public agency and subject to the Open Records Act, that there is a presumption in favor of open records, and that there is no "clearly unwarranted invasion of personal privacy" in opening the records. The foundation argued that the right to privacy in matters such as donations trumps the public's right to know, that there are several attorney general opinions and an established precedent in Kentucky for considering the foundation to not be a public agency, and that several universities have greatly benefited from anonymous donations.

No ruling has yet been handed down. The case is *Cape Publications Inc. vs. the University of Louisville Foundation Inc.*, 2005-SC-000454.

Louisiana SB 68

This bill would have offered a 70 percent tax credit on individual and corporate donations of between \$250 and \$100,000 to colleges and universities or their affiliated foun-

"What an individual does with his or her funds is at the very heart of an individual's personal privacy, and the newspaper can monitor the activities of both the university and the foundation without having access to that information."
- University of Louisville Foundation

dations in the state. The tax credit would have served in lieu of a tax deduction and could have been carried forward for up to five years. The bill also would have required that donations support academic purposes, including faculty and graduate student support, but specifically excluded donations supporting athletic programs from the tax credit. The legislation came as Louisiana State University is in the midst of a \$750 million campaign, but died in a House committee.

Oklahoma HB 1384

This bill allows institutions or agencies of the Oklahoma State System of Higher Education to keep all information regarding donors or prospective donors to the institution or an agency benefiting the institution private.

Oklahoma HB 1137

This bill increases from \$50 million to \$100 million the amount of bonds that the Oklahoma Capitol Improvement Authority can issue to provide for the state's matching contributions for endowed professorships, chairs, and lectureships and positions for artists in residence. At least half of the endowed positions must involve research and development, and no bonds will be issued for an endowment account in which the money to be matched has not been received. The state has a backlog of private donations waiting to be matched, and the bonds will be paid off by the Oklahoma State Regents for Higher Education from funds annually appropriated to them by the legislature.

Oregon SB 582

The bill allows the state's public universities to establish a university venture development fund for which donations will be tax-deductible. It also allows a university affiliated foundation to administer the fund, including providing for the foundation to collect its "customary administrative assessment," as long as the assessment is no larger than 3 percent. The university foundation will also be required to report annually on the venture development fund.

Pennsylvania SB 1

This bill is one of several introduced in 2007 that would expand Pennsylvania's Right to Know Law to include virtually all records concerning state-related universities as public. Graham B. Spanier, president of Penn State University, has vigorously opposed the legislation, arguing that it will have detrimental effects on the university in many respects. Included in his list of many concerns are that the legislation could compromise donor confidentiality and prevent the university from investing its endowment in some funds that prohibit release of their investment strategies and holdings. The bill is still active in the legislature and is a high priority of the Senate majority leader and governor.

"Nobody would argue the point that the public has a right to know how public funds are spent. But this bill will fundamentally change the way we operate, the way our trustees govern, and the way I administer their policies. Frankly, we will have to operate in a way that will make us less nimble and less competitive with the other major research universities in the nation."

- Spanier, testifying before the Senate State Government Committee

Tennessee SB 2080

This bill will close from public inspection all records concerning gifts to any public higher education institution or institutionally related foundation containing personally identifiable information about the donor or the donor's family. Higher education institutions and foundations will, however, have to create an annual report for public inspection of gifts received that excludes donor's personally identifiable information. The attorney general and reporter will also still have access to all personally identifiable information about donors upon request.

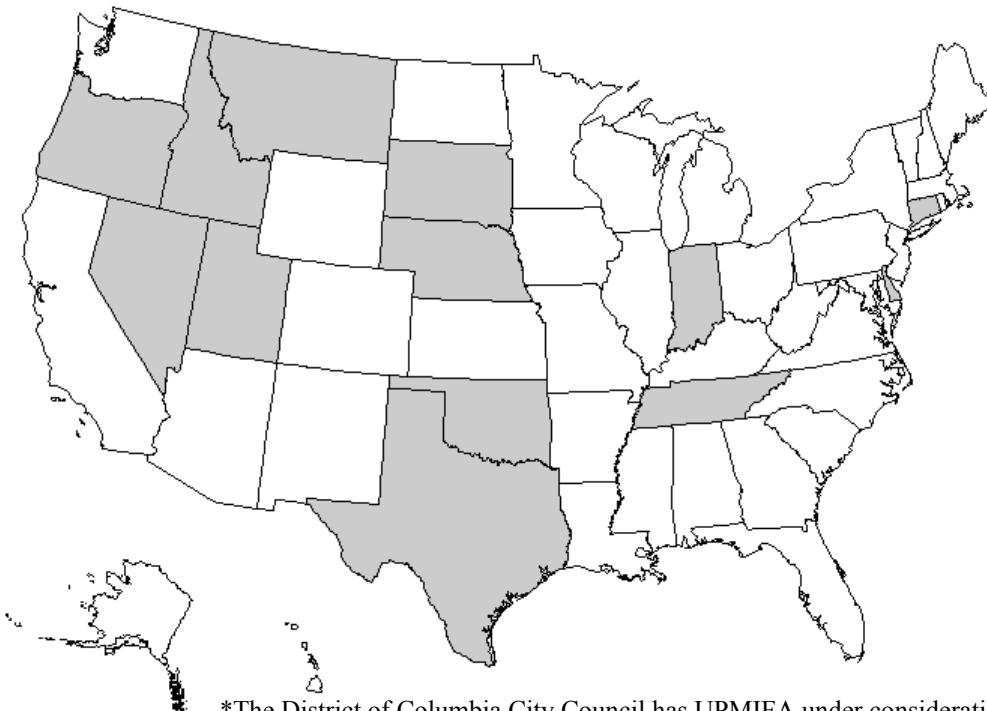
UPMIFA

AGB has helped to prepare the Prudent Management of Institutional Funds Act that has been enacted in 13 states in 2007. UPMIFA is an update of UMIFA, the standard that guides endowment management for nonprofit institutions in 48 states.

► Read more about UPMIFA at www.agb.org/upmifa

Read about **Missouri SB 389**, which protects donor privacy for donors to the University of Missouri, on page 13.

States that adopted UPMIFA in 2007*



*The District of Columbia City Council has UPMIFA under consideration

Recent work of the Ingram Center on Public Trusteeship and Governance

Center staff are working with the **New Jersey** Association of State Colleges and Universities and an outside advisory council selected by the association as the nine institutions seek to contain costs, become more efficient and productive, remain affordable, and educate increasing numbers of New Jerseyans within a governance structure of considerable autonomy (see page 15).

The center continues its work in **Texas**, partnering with the Texas Higher Education Coordinating Board as it educates trustees and regents about the coordinating board's "Closing the Gaps" higher education plan (see page 27). The Center and the coordinating board have been hosting statewide meetings and regional forums for board members and college administrators, school boards and administrators, and business leaders on the cooperation needed to increase high school graduation rates and college going and completion rates.

The center's executive director, Rich Novak, is serving on an national advisory panel to the **Louisiana** Board of Regents as they create a new statewide master plan for higher education. The primary target areas being addressed in the new plan are:

- Graduating more students from high school who are ready for postsecondary education or work
- Increasing the number and percentage of Louisiana's citizens with postsecondary education degrees and certificates
- Narrowing educational and economic disparities across regions and racial groups
- Making college affordable to all who can benefit
- Expanding and diversifying Louisiana's economy
- Raising the educational attainment of the state's adult population.

The creation of the new master plan began in December 2006 and will conclude in 2008. The advisory panel is meeting regularly and chairing workgroups of regents and staff.

The center has also advised individuals in **Nevada** seeking to reform the regent selection process through a constitutional amendment that would change the board from an elected board to one appointed by the governor (see page 7).

Governance, Coordination, and Accountability

Florida Governance Responsibilities

In 2007, the Florida Legislature, board of governors, institutional governing boards and board of education continued to struggle to define their roles in the state's higher education governance in the wake of the 2002 reorganization of higher education governance through Amendment 11. In 2004, a group called the Floridians for Constitutional Integrity (FCI) led by E.T. York, a former chancellor of the State University System, sued because the legislature was still exercising powers that had been given to the board of governors under the amendment. The suit was rejected by a Florida circuit judge because FCI had not demonstrated direct harm from the situation, although the judge did allow them to refile the suit.

In an attempt to sort out responsibilities, then-Gov. Jeb Bush signed HB 1001 in June 2005. The bill asserted legislative control over some aspects of university management and defined the constitutional duties of the board of governors. HB 1001 clarified that the board was responsible for the overall management and coordination of the State University System, including defining each university's mission and admissions standards, crafting a unified budget request, adopting systemwide and institutional strategic plans, approving, reviewing and terminating degree programs, and other duties. The bill provided the Legislature with tuition and fee-setting authority, the authority to set merit and need-based financial aid policies, to set policies regarding accountability and expenditure of state funds, and other responsibilities.

Shortly after HB 1001 was signed, FCI filed a revised version of their suit, and in late November 2005 FCI reached a mediated agreement with the State Board of Education and the board of governors concerning most of the distribution of responsibilities between the board of governors and the State Board of Education. All parties agreed that the board of governors has complete control over the State University System, including tuition-setting responsibility, but FCI disagreed with the State Board of Education as to whether the board of governors has any authority over four-year degree programs outside of the university system (i.e., four-year degrees granted by community colleges). Even after the agreement, however, the board of governors allowed the legislature to determine tuition for in-state undergraduates while it set out-of-state undergraduate and all graduate tuition, thus conflicting with the mediated agreement.

In the 2006 session, the legislature passed House Bill 7087, which for the time settled the conflict over tuition-setting authority by creating statutory language requiring that in-state undergraduate tuition be set annually in the budget, but granting the board of governors the authority to establish tuition for all graduate and professional programs, as well as out-of-state undergraduates. It also required that tuition and fees for out-of-state students be sufficient to offset their instructional cost and that the board not increase tuition and fees more than 10 percent in a year.

The remaining conflict over the authority to grant four-year degrees was finally laid to rest in February of 2007 with an agreement between the board of governors and the State Board of Education and the withdrawal of the suit by FCI. The agreement acknowledged that Florida ranked near the bottom of the country in bachelor's degree production and that "joint and concurrent use programs, offering university programs on community college campuses...are a growing and important collaborative/partnership approach to providing more access geographically with existing resources." With that frame of mind, the board of governors and State Board of Education agreed that community colleges could fill unmet need through 2 + 2 partnerships with state universities and by granting baccalaureate and bachelor of applied science degrees in the high-need and high-demand fields of teaching, nursing, and workforce-orientated programs.

Also in 2007, the Legislature passed SB 1270, which updated the statutory language concerning higher education governance, transferring the authority and responsibility concerning governance from the State Board of Education to the board of governors and university boards of trustees and delineating the powers and duties of the boards. While SB 1270 appeared to resolve any outstanding governance issues, the division of governance responsibilities was reignited when Gov. Charlie Crist vetoed a 5 percent legislative tuition increase. Former Gov. Bob Graham and others filed suit against the legislature in July, arguing that the statutes granting the legislature tuition-setting authority violated the constitutional language giving the board of governors control over the university system. Shortly afterwards, the board of governors decided to join the lawsuit, which has yet to be heard. At the same time that the board joined the suit, it also voted to increase tuition up to 5 percent and freeze enrollment at all institutions in the system starting in the spring of 2008, creating an uncertainty over what students will pay in 2008 until the courts adjudicate tuition-setting authority.

"The tuition and fees shortfall presently faced by Florida's state universities brings about a bona fide practical need for tuition and fee setting by an appointed citizen board with an exclusive fiduciary duty to the university system, similar to the country's most successful governance systems found in other states with constitutionally autonomous governing boards."
- lawsuit against the legislature

Ohio HB 2

Ohio HB 2 transfers the power to appoint the chancellor of the Ohio Board of Regents from the board to the governor with the advice and consent of the Senate and makes the position a Cabinet-level appointment. The chancellor will have a five-year term and is eligible for reappointment after each term.

The bill specifies that the governor will fix the chancellor's compensation and that the governor can remove the chancellor only for cause, including inefficiency or dereliction of duty, violation of ethics law, failure to file a financial disclosure or filing a false disclosure, or corruption.

HB 2 also transfers the current powers and duties of the board to the chancellor, making the board an advisory board to the chancellor. The chancellor will respond to requests from the General Assembly for information about higher education and will establish the advisory duties of the board. The bill also shortens the terms of members of the board of regents to six years from their current nine-year terms, but allows for members to be reappointed once. Finally, the board is charged with submitting to the governor

and General Assembly an annual report on the condition of higher education in Ohio and the performance of the chancellor.

In the spring, the board selected former U.S. Representative Eric Fingerhut as chancellor of higher education. Once HB 2 was signed into law, he was appointed by the governor as chancellor and confirmed by the Senate.

Arizona University System Redesign

In 2005, the Arizona Board of Regents redesigned the university system, differentiating the missions of the University of Arizona, Arizona State University, and Northern Arizona University in part because of an expected 60 percent increase in the number of 15-24 year-olds in the state by 2020. The universities presented a report to the board this March addressing what they have been doing to improve access for students and prepare for increased demand in the coming years. The report highlighted the important role that non-traditional programs have had in increasing access, particularly distance learning, branch campuses, and 2 + 2 partnerships with community colleges. It also noted that the state's universities have embraced making the transfer process easier for students and have already established substantial presences on community college campuses. The report concluded that, if state and tuition-based funding are adequate, the Arizona University System will be able to accommodate the increased demand for higher education over the next 15 years.

In March 2007, the regents called in the Pappas Consulting Group to assess the board's role and organizational and committee structure in order to clarify the board's mission, role, and strategic direction. Draft recommendations were presented to the board in May, but the final recommendations have not yet been presented.

California SB 190

This bill would subject all meetings of the Trustees of California State University and its subcommittees to the Bagley-Keene Act, which requires that state bodies have open meetings that the public can attend. In particular, the trustees would be required to meet in open session on issues of executive compensation and to include a rationale for each compensation package. The bill has passed both chambers of the legislature and is awaiting action by the governor.

A similar bill was on the table in the 2005-06 legislative session. AB 775 passed the Assembly, but died in Senate committee at the end of the session. While not mentioning the Bagley-Keene act, it would have required executive compensation proposals and final action to take place in an open session of the full board.

Florida HB 7147

This bill adds to the baccalaureate degree programs that community colleges can offer and creates a procedure for four-year institutions to offer the degrees at community college campuses. Community colleges will be allowed to bring proposals to the State

Board of Education to offer degree programs in math and science to prepare graduates to teach the subjects. They must notify the board at least 90 days before submitting such a proposal, however, at which time public state universities and regionally accredited private universities will be notified of the community college's intentions. State universities will have 60 days from notification to submit alternative proposals to offer the degrees on community college campuses. In the absence of an approved state university proposal, regionally accredited private colleges and universities in the state will then have 30 days to submit an alternative proposal to offer the degree on a community college campus. The bill also outlines criteria for judging the alternative proposals.

Additionally, the legislation provides for the administrative components of offering these baccalaureate programs at community colleges. It limits tuition and out-of-state fees for upper-division courses to less than that of the state universities, limits state support for upper-division courses at community colleges to less than 85 percent of support for such programs at state universities, excepting while such programs are being phased in, and requires recurring legislative funds to be secured for a baccalaureate program before students can be accepted into it.

Florida Pappas Report

The Florida Board of Governors Foundation commissioned a study by the Pappas Consulting Group, completed in January, to prepare a blueprint for the future of higher education in Florida looking at the year 2030. The Pappas report aimed to improve higher education to meet the needs of the state and its citizens without consideration of political pressure, while acknowledging that the report would stir up controversy with its recommended changes, which it did. The report listed several problems it said were preventing the state from successfully implementing a master plan for education, such as institutions undergoing mission leap, a funding mechanism that is based on enrollment instead of outcomes, and resource limitations due to scholarship and pre-paid programs that are keeping tuition down.

Looking forward, the report offered several recommendations to the board, the primary — and most criticized — of which is to establish a subsystem within the State University System of institutions focusing on baccalaureate degrees. The report cites a need for more access points to undergraduate education, as Florida ranks near the bottom of states in the percentage of residents with bachelor degrees. The subsystem would include current university campuses that already focus on undergraduate education, branch campuses and community colleges with sufficient enrollment, independent colleges that opt in, and even new campuses as a last resort. The institutions in this subsystem would remain under the authority of the board of governors, but would also have local advisory boards instead of boards of trustees. Acknowledging that campuses would be reluctant to give up graduate programs or autonomy, the report acknowledged that such an arrangement is impractical unless either an unpopular top-down decision were made or significant financial incentives were offered to university campuses. The

other recommendations of the report are to revise the funding formula to include retention and graduation components, increase funding for high-state-need programs, develop distance education opportunities and increase offerings, and to include independent colleges and universities in incentives that expand access.

Maryland SB 29

The Maryland House of Delegates and Senate approved different versions of a bill that would allow the state's historically black institutions to challenge unnecessary duplicative programs created at other state colleges to the Maryland Higher Education Commission, but could not agree on a version in conference committee. Morgan State University had sought the bill as a response to the Higher Education Commission approving a new MBA program at Towson University, which Morgan State believed violated a federal desegregation agreement protecting programs offered at historically black institutions. Under the legislation, if a challenge were successful the school offering the duplicative program would have to close it no sooner than four years after a final judgment were made.

Minnesota Measures

The Minnesota Office of Higher Education released its first annual accountability report, *Minnesota Measures*, in February. The office was asked by Gov. Tim Pawlenty and the legislature to develop an accountability system for higher education and arrived at a system with five goals and indicators of success toward the goals. The indicators include statistics such as postsecondary enrollment rates, degree completion rates, and research funding. The goals are:

- Improve success of all students, particularly students from groups traditionally underrepresented in higher education
- Create a responsive system that produces graduates at all levels who meet the demands of the economy
- Increase student learning and improve skill levels of students so they can compete effectively in the global marketplace
- Contribute to the development of a state economy that is competitive in the global market through research, workforce training, and other appropriate means
- Provide access, affordability, and choice to all students.

University of North Carolina Tomorrow

The UNC Board of Governors created the University of North Carolina Tomorrow initiative in February to determine the needs of the state and its residents and how the university system can best meet these needs over the upcoming 20 years. The initiative will focus on answering the following questions:

- What challenges facing our state do North Carolinians want UNC to respond to?
- How can UNC best respond to these challenges?
- How can UNC sustain this focus over the long term?

The initiative will work with campuses to understand how they are identifying challenges, what they are doing to meet challenges, and how they are preparing for future ones. It will also create a commission of state leaders who will solicit feedback from the public as to what the people need from the university and create a Scholars Council comprised of UNC faculty. Each group will offer their expertise and respond to the board's questions in early 2008, with the board working to implement their responses through 2012.

Nevada Chancellor's Authority

The Nevada Board of Regents voted down a proposed change to its bylaws in August that would have stripped the chancellor of the Nevada System of Higher Education of his or her authority to remove the president of an institution in the system. In the end the board, which oversees all public institutions of higher education in Nevada, reached a compromise instructing the chancellor to consult with the board chair before removing a president. The board also voted down a proposed change that would have required board approval of pay raises of more than 10 percent and the creation of any new senior positions within the chancellor's office.

New York Commission on Higher Education

Gov. Eliot Spitzer created the Commission on Higher Education in May to improve the quality of higher education in New York. In addition to working on increasing access, easing transfer, and expanding degree programs to meet state needs, the commission will focus on improving the system. Spitzer wants to make the SUNY system a world-class institution by improving the system's profile in university rankings, research quality, and high-value employment opportunities. Hunter Rawlings, president emeritus of Cornell University and the University of Iowa, will chair the commission.

University System of Ohio

Gov. Ted Strickland issued a directive to the board of regents in August creating the University System of Ohio and requiring the chancellor of the board of regents to create a ten-year plan for the university system that sets goals and provides a timeline for accomplishing the goals. The establishment of the university system will not affect the governance structure in the state, but is instead aimed at increasing collaboration, reducing non-educational costs such as health insurance and payroll, and coordinating research and education in order to improve the quality and affordability of the state's public higher education.

"The best state systems of public higher education across the nation are more than just a collection of institutions. They work together in a rational, coherent way that creates sums worth well more than the individual institutions themselves. The power of unifying resources and making sure each maximizes its potential allows the best public university systems to shine."

- Strickland, in his directive to the board

South Carolina HB 3620

South Carolina's general budget bill for the 2007-08 fiscal year included funds to establish the Higher Education Task Force, which has been charged with creating a statewide strategic plan for higher education that addresses institutional missions and roles, enrollment, funding, instructional cost, and implementation of the strategic plan. The task

force will consist of nine members, with the governor appointing three members and legislative leaders appointing the remaining six. In creating the strategic plan, the task force has been asked to review the state's higher education code and take into consideration the 2006 Governor's Task Force on Higher Education. The task force will report its recommendations for the strategic plan to the General Assembly by February 1, 2008.

Texas HCR 159

In 2000, the Texas Higher Education Coordinating Board (THECB) issued *Closing the Gaps by 2015*, a plan to increase the diversity of participation, success, and research funding in higher education. However, in 2006, the THECB reported that the goals set out in *Closing the Gaps* were unlikely to be achieved by 2015. As a result of the THECB report and an action plan for higher education released by the Governor's Business Council (GBC), the Legislature approved HCR 159 in 2007, asking the governor, lieutenant governor, and speaker of the House to create a commission to draft a "Texas Compact" offering a step-by-step plan and long term vision to attain certain goals by 2020, with a report due back by November 2008. Included in the goals of the Compact are to educate the population of Texas to levels comparable to the highest performing competitor states and nations, achieve global recognition for Texas public colleges and universities, and serve different regions of the state in ways that respond to each region's unique higher education needs.

Although the GBC action plan developed the idea of enacting a Texas Compact, the GBC plan included additional features. It called for the state to focus funding priority with state priorities, integrate the university system more closely with the local K-12 systems, and replace the Texas Higher Education Coordinating Board with a new entity that has sufficient authority to achieve the goals of the Texas Compact, including the ability to sustain a long-term financing plan for higher education and to hold institutions accountable for performance.

Also passed in the 2007 session but vetoed by the governor was SB 1234, which would have added 14 elements to be addressed in the THECB's master plan for higher education and eliminated the five-year term of the plan. Gov. Rick Perry's veto message indicated that the bill was duplicative and that the commission drafting the Texas Compact should be allowed to finish its work before changing how the THECB frames its master plan.

Utah HB 396

The Utah State Legislature created the Higher Education Task Force, which is composed of seven appointees of the speaker of the House and five appointees of the Senate president. The task force will review and make recommendations regarding the mission of the state's higher education institutions, overlap in the mission and roles of the institu-

"The demand for talent-intensive skills is rising and the proportion of American workers doing jobs that call for complex skills has grown three times as fast as employment in general. Nearly two-thirds of all high-growth, high-wage jobs created in the next decade will require a college degree; a degree less than one-third of Texans have. To meet this challenge, Texas must do far better in raising levels of educational attainment or risk a long-term decline in per capita income and a lower overall quality of life."
- Governor's Business Council "Leading the Way" action plan

tions, the appropriateness of their tuition, preparation, participation, and completion rates, and several other issues. A final report, including any legislative proposals, is due by November 30, 2007.

Virginia HB 1681

This bill creates the Two-Year College Transfer Grant Program to encourage students to start their postsecondary education at the state's public community colleges. The program will apply to Virginia residents who receive an associate's degree from a community college, immediately enroll in any four-year public or private institution of higher education in the state, demonstrate financial need, and maintain a 3.0 GPA in both the associate and baccalaureate programs. The award is good for up to three years at the student's four-year institution and grants \$1,000 annually, with an extra \$1,000 provided annually to students pursuing studies in engineering, mathematics, nursing, teaching, or science.

Washington SB 5731

This bill creates a committee on the education of students in high-demand fields to develop a plan to increase the number of college students graduating in the state, particularly in high-demand fields. The committee will determine how to increase the number of bachelor degrees granted by Washington institutions by 10,000 per year by 2020 and how to increase the number of certificate and associate's degrees granted. The committee will also develop a marketing project to improve awareness of the opportunities in high-demand fields, investigate how to motivate students to take more math and science courses in high school and college, and improve public/private partnerships in high-demand fields. The committee will report back to the legislature by December 1.

Wisconsin Governance Report

The Wisconsin Policy Research Institute, a self-described free-market think tank, released a report in July on the University of Wisconsin System. The report cites public opinion that the system could be better managed and identifies several obstacles to better university management. Among the obstacles listed are two governance issues. One is the governance structure, which the report says is characterized by overlapping authorities and decentralization. The other obstacle is the system structure, in which substantially different types of institutions are grouped under one board. The report recommended providing the university system with greater management flexibility and autonomy and creating a separate governing board for the University of Wisconsin-Madison.

P-20 Coordination

Colorado P-20 Executive Order

Gov. Bill Ritter issued an order creating the Governor's P-20 Education Coordinating Council in April as part of his Colorado Promise campaign pledge. On higher education, the council will be charged with improving high school to postsecondary transitions, improving postsecondary matriculation, retention, and completion, aligning state and federal financial aid policies, and examining appropriate levels and sources of educational funding. Among the council's goals are doubling the number of students receiving degrees and certificates in ten years and closing the achievement gap between gender and ethnic groups. Final recommendations on a legislative agenda are due in November.

“Halving the high school dropout rate and doubling the production of postsecondary certificates and degrees by 2017 will require more than simply aligning education standards and assessments, it will require attentive, inclusive, ongoing conversations to understand and thoughtful, earnest actions to address the needs of and interconnections among the early childhood, K-12, and postsecondary educational systems.”

- Ritter, in his executive order

Massachusetts Readiness Project

Gov. Deval Patrick launched the Readiness Project in June with the aim of upgrading public education from pre-K to community college. Within the higher education sector, Patrick's primary goal is to extend universal education to the first two years of community college. Shortly after launching the project and in the midst of discussion over reorganization of the University of Massachusetts System, Patrick announced that the project would also include a review of the system, addressing internal and external collaboration and system structure. The review, however, will not address the system president's authority over personnel decisions at the member institutions.

Washington P-20 Executive Order

Gov. Chris Gregoire created a P-20 Council by executive order in May, following Washington Learns' recommendation to create one. The council will be responsible for tracking and driving progress toward the goals established by Washington Learns and will be composed of Gregoire and ten leaders from different components of the P-20 spectrum. Gregoire has said that the council's early focus will be on english as a second language students, improving universities' teacher preparation programs, and ensuring seamless transition between years in order to provide Washington with a world-class education system.

Wyoming P-16 Education Council

Gov. Dave Freudenthal and several Wyoming higher education leaders jointly announced the creation of the Wyoming P-16 Education Council in August. The 15-member council has eight goals focusing on how to create a seamless system of education across all educational sectors in the state. Coming on the heels of the Hathaway Scholarship program, the council will examine whether to create a required curriculum for the scholarship and how to improve student outcomes, including reducing the state's dropout rate and better preparing high school graduates for higher education. The council will begin meeting in September with no timetable yet set.

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Ingram Center for Public Trusteeship and Governance
 Association of Governing Boards of Universities and Colleges
 One Dupont Circle, Suite 400
 Washington, DC 20036
 202/296-8400
www.agb.org

For more information or to be added to our electronic updates, contact Rich Novak (richn@agb.org), executive director of the Ingram Center and vice president of public sector programs, AGB, or Greg Ogle (grego@agb.org), assistant for policy analysis.