

# State Governance Action Report 2010

An Early Reading of the States  
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# State Governance Report 2010: An Early Reading of the States

## EXECUTIVE SUMMARY

Declining fiscal conditions continue to be the major higher education issue in the states. Funding for higher education was essentially flat from FY 2008 to 2009, with state and local appropriation declines offset by federal stimulus dollars. Indications for the current fiscal year are worse. Federal stimulus dollars will end in FY 2011. Even with a reviving national economy, state fiscal difficulties are predicted to persist for the next 10 years and have both higher education and state government leaders concerned.

Despite or because of the fiscal crisis, higher education has become a major priority on state elected leaders' agendas. The National Governors Association (NGA) will make postsecondary education its primary initiative for one year beginning in July 2010. The National Conference of State Legislatures (NCSL) reports that higher education ranks third in its annual survey of all state legislative leaders on the top issues for the upcoming legislative sessions, immediately behind the budget and transportation.

The fiscal crisis has prompted several states to institute special planning processes or commissions to review higher education. Forward-thinking state higher-education agencies and university systems have developed workable strategic plans and public agendas that focus foremost on the future of the state, including its education and workforce needs. Several states, institutions, and university systems are responding to the budgetary crisis by advancing proposals to do things differently in the future, particularly when it comes to deregulation initiatives.

Tensions between deregulation and autonomy on the one hand, and centralization and cost control on the other, are playing out in several states. The budget condition for public higher education has prompted efforts to grant more freedoms to public colleges and universities. Foremost are proposals to grant greater flexibility for setting tuition. Some states are considering granting full tuition autonomy to their public institutions, that is, removing all constraints or oversight by the legislature or state higher education policy board. Supporters of access and affordability may temper some of these efforts, although the persistence of state budget problems may increase the chances of passage for others.

Separate from, or in combination with, granting greater flexibility on tuition, several states are considering legislation to grant greater freedom and flexibility to colleges and universities regarding operational controls. Dramatic efforts have been proposed in New York, New Jersey, Nevada, and Oregon, and in other states as well.

Proposals to restructure or reorganize higher education governance are a direct consequence of fiscal problems in several states. A few states propose achieving savings through consolidation of boards, systems, and institutions.

The outcome of several legislative proposals and developments will depend not only on fiscal and budget conditions, but on the support of the states' governors. In the fall, a total of 37 gubernatorial seats are up for grabs, and a minimum of 23 states will have new governors in January 2011.

## STATE GOVERNANCE REPORT 2010: AN EARLY READING OF THE STATES

AGB regularly tracks state developments, proposals, and legislation as they affect public higher education governance and trusteeship. This paper provides an early read on what state, university system, and institutional leaders see as important for the immediate future of public higher education. Its content was informed by newspaper reports, on-line reports, state and institutional websites, and several conversations with state and higher education leaders. It is current through March 12, 2010. A more complete analysis will be forthcoming in a subsequent State Governance Report, as well as a March 2010 fiscal survey of public board chairs and chief executives on institutional and university system responses to the economic downturn.

The following is a summary and analysis of the issues, developments, and proposals percolating in several states. Some of these issues are in the form of legislative proposals; others are recommendations to state elected leaders, in various forms. This analysis is not intended to be fully representative of all states, but may be instructive, nonetheless.

### Fiscal conditions

The biggest higher education issue in the majority of the states is the budget. In its recently released State Higher Education Finance FY 2009, the State Higher Education Executive Officers (SHEEO) report that FY 2009 state and local appropriations totaled \$88.8 billion, a small increase over FY 2008's \$88.7 billion. SHEEO attributes the increase to federal stimulus dollars. These dollars played a key role in cushioning declines in state government support, to the tune of \$2.3 billion. Furthermore, state funding declines have pushed net tuition dollars to \$44.5 billion. Tuition revenues reached 33.4 percent of public higher education's general operating expenses, an all-time high.

Early indications for state funding in the current year, FY 2010, are worse, not surprisingly. According to SHEEO and preliminary fiscal data collected by Grapevine at Illinois State University, state appropriations for FY 2010 total \$75.2 billion, or \$2.7 billion below the FY 2009 level of state support and \$1.3 billion below the FY 2008 level. Federal stimulus funds raise the 2010 total to \$79.4 billion. But stimulus funds have now been spent in a majority of the states and will expire in all states in FY 2011. Coupled with enrollment increases, state support per student is declining significantly. We will likely see double digit tuition increases at many public institutions in the fall.

That said, there are significant variations in the state budget declines. Higher education in Iowa, Louisiana, Massachusetts, Montana, Nevada, New Mexico, Ohio, Virginia, and Washington shows double digit percentage one-year declines. Only a handful of states show significant increases, led by North Dakota and Texas. Higher education officials in several states are considering declaring financial exigency. Hawaii has already done so. In Illinois, state universities have not received their monthly allocations of state appropriations since July, despite joint appeals to the governor. Illinois institutions have begun borrowing money, and the University of Illinois has started furloughing staff.

In an effort to maintain some assurance, Idaho is seriously considering legislation to create a Higher Education Stabilization Fund, which would help avoid drastic cuts to public colleges and universities by building up reserves in good economic times. Larger institutions with flexible endowments may not require it, but for smaller institutions it may provide a cushion during future economic downturns. Other states, including Colorado, may also consider this idea, first proposed over 20 years ago.

The economic and fiscal condition of the states may remain difficult for some time, even as the national economy shows signs of recovery from the recession. In their fall 2009 Fiscal Survey, the National Association of State Budget Officers (NASBO) and the National Governors Association (NGA) report that the states will face fiscal difficulties for the next 10 years not only because of revenue shortfalls, but because of pension obligations, Medicaid expenditures, deferred infrastructure investments, and other state obligations and mandates. If their projections are correct (and they were largely confirmed by economist Mark Zandi at the February meeting of the NGA), it will be extremely difficult for the states to adequately fund higher education for several years to come.

In April 2010, AGB's Ingram Center will be surveying boards and presidents to develop a fuller picture of institutional and system budget conditions and the strategies boards and chief executives are undertaking to address them.

### ***Swimming against the tide***

Despite large state budget deficits, the Governors in California and Florida have proposed to halt higher education funding declines, even though the chances of doing so will be nearly impossible. Governor Arnold Schwarzenegger has proposed a constitutional amendment that would guarantee the University of California and the California State University Systems no less than 10 percent of the state's operating funds each year, beginning in 2014. (They currently receive 7 percent.) Not unheard of as a means to fund public education in California, where a 1988 voter-approved proposition guarantees that 40 percent of general funds be dedicated for K-12 education, the constitutional amendment has not advanced thus far. Similarly, in Florida, Governor Charlie Christ embraced a proposal to double state university funding over the next five years, starting with a \$100 million increase in spending for the next fiscal year, beginning July 1, 2010.

### **Higher education on the state agenda**

Higher education is rising on the states' agendas, despite or because of the fiscal crisis and the likely realization of the centrality of higher education to the future well-being of the state. Significant developments at the nation's two major state-based organizations deserve attention.

Beginning officially in the summer, the National Governors Association will spend a full year looking at postsecondary education. Although not completely formulated, the NGA's postsecondary initiative will likely examine accountability, productivity, graduation rates and degree attainment, and college and university governance. Recommendations will be made to states and the nation's governors, as well as to higher education officials, preceded by studies, issue briefs, and special meetings.

In addition to governors, state legislators are also poised to pay closer attention to higher education. The National Conference of State Legislatures (NCSL) reports that higher education ranks as the third most important issue in the 50 state capitals for 2010, immediately behind the budget and transportation. In the (at least) two decades that NCSL has conducted its annual survey of legislative leaders asking them to rank their top issues, higher education has never ranked this high. NCSL staff attribute the high ranking to concerns about college costs (and tuition), the role of higher education in improving state economies, and the sustained attention given higher education in an earlier multi-year NCSL postsecondary initiative. Legislators report that they will examine several issues in the 2010 sessions, among them: tuition policy, performance funding, governance reform, state student aid, mission, and institutional performance, as the action in this governance report verifies.

### ***Developments, proposals and legislation***

The developments, proposals, and legislation being discussed in the states have many things in common. First, they show a response to the difficult fiscal situation for public higher education. Some responses are strategic and innovative, and indicative of "doing things differently" going forward. Others are much more cautious, particularly on the issue of tuition setting. There are also efforts by university systems to peer into the future and re-imagine what the systems might look like and what they could do differently.

Second, many developments and proposals demonstrate efforts to recast the relationship between public higher education and state government, some through deregulation and governance restructuring proposals to streamline decision making or make higher education more effective in meeting public purposes.

Third, it is evident that the message and emphasis on institutional productivity, as measured by degree productivity, resonates with many state and institutional leaders. Student access is no longer discussed without a corollary discussion about student success and degree completion. The roots of the student success effort predate the fiscal

crisis, but the crisis makes the effort all the more critical. Most recently, a new organization funded by several major foundations, Complete College America, will work with states on improving college completion. Its efforts will support the states' higher education strategic plans and public agendas, many of which place an emphasis on retention and completion. Its work will also support the efforts of other groups like the Lumina Foundation's Making Opportunity Affordable and the National Association of System Heads' Access to Success initiative to improve degree completion rates for low-income and minority students.

### *Special commissions and statewide planning imperatives*

At least five states have created special commissions looking at various aspects of state-university relationships. Louisiana's Postsecondary Education Review Commission just completed its work. Its major suggested reforms include governance consolidation of boards and university systems, equalizing lower division funding at all two- and four-year institutions, deregulating tuition, and shifting funding to completion rather than enrollment. A newly formed business group appears to support most of the recommendations.

The University of California has created its own UC Commission on the Future. The commission is led by the system president Mark Yudof and UC Board of Regents Chairman, Russell Gould. Among many ideas, it will look at system efficiency, including three-year degrees and the possibility of creating a cyber campus. Meanwhile, a 20-member joint legislative committee will begin a review of California's master plan for higher education, put in place 50 years ago.

Colorado Governor Bill Ritter launched a statewide higher education strategic review and master planning initiative in December. The committee has an open charge to look at all of higher education and to recommend changes. It plans to move quickly because of the increasingly dire funding situation for higher education, and also because Governor Ritter has decided not to seek re-election in the fall. Examining academic program duplication and the responsibility of the Colorado Department of Higher Education to control for it is one of the first issues the committee will examine, according to comments by the committee's chairman.

Vermont, a state not known for generous investments in higher education, has developed an interesting proposal to increase the percentage of students graduating. The Compact with the State of Vermont was drafted by the Commission on Higher Education Funding and calls for the state to increase the number of two- and four-year college graduates from 42 percent to 60 percent of enrolled students by 2019. The state's higher education leaders support the compact's goals. The compact also appears to have the support of the governor and top legislative leaders. To help pay for the needed increase in graduates, Vermont, like California, hopes to shift spending from prisons to higher education.

The Texas Higher Education Coordinating Board, under an executive order of Governor Rick Perry, is undertaking a major study on cost efficiencies including faculty workloads, course redesign, articulation and student transfer agreements, distance learning, and funding based on course completion.

Certainly statewide planning has taken on a new urgency and has been much more focused on the state public agenda. State higher education agencies, university systems, and citizen boards that have recently developed and led promising state- or system-wide strategic agendas, or master plans, have focused more on the needs of the state than on the needs of institutions, the current funding crisis notwithstanding. They are also focusing on strategies to leverage collaboration among institutions and alignment of institutional agendas with the state or system agenda. The strategic plans of the Ohio Board of Regents, the Oregon University System, and the West Virginia Higher Education Policy Commission are prime examples, as is the plan of the University of Wisconsin System.

The University of Wisconsin System has worked hard to connect the future work of the system and its institutions to the future of the state, developing specific goals and an accountability system. Since its inception in 2006, the system's Growth Agenda for Wisconsin has advanced three goals: to develop the state's human potential, to create new Wisconsin jobs, and to help strengthen local communities. The Growth Agenda is guided by a strategic framework called Advantage Wisconsin. The framework has several core strategies, such as enhanced collaborations among

campuses and with external partners. The state ranks 36th in the percentage of adults with a baccalaureate degree; under its most recent initiative, UW is working hard to improve access as well as retention and graduation rates at system institutions. Each campus must devise its own set of strategies to reach new enrollment targets, graduation and retention rates, and new modes of educational delivery. Advantage Wisconsin was developed with extensive input from Wisconsin communities and state leaders. As a consequence of reaching out to key leaders and of developing and implementing the core strategies, the UW system is enjoying far less criticism from elements of the legislature, and renewed support from others.

### ***New efforts at deregulation, tuition autonomy, and performance agreements***

Colorado institutions are pursuing efforts for flexibility and autonomy, prompted in part by a legislative committee's recommendations made last fall. Among the areas of greater freedom are fewer reporting requirements, greater tuition autonomy, and exemptions from some state personnel rules. Granting tuition autonomy would be made permanent and has the support of the state's major business groups. Maximum increases in tuition are now set by the legislature and governor in the budget process. Assuring affordability and institutional accountability still need to be resolved, but supporters of the bill are optimistic. Institutional leaders are also hoping for support, verbal or otherwise, from the special committee conducting a strategic review for Governor Ritter.

The State University of New York (SUNY) and City University of New York (CUNY) are rallying around legislation introduced by Governor David Patterson, the Public Higher Education Empowerment and Innovation Act. The bill would allow SUNY and CUNY to set their own tuition levels (tied to an average five-year inflation index) and set differential tuition rates by institution or academic program. Equally important, the two systems would be allowed to retain all tuition revenues, which now revert back to the legislature and are then re-appropriated. The plan, if adopted by the legislature, would provide much-needed revenues. SUNY has promised to enroll an additional 20,000 students if the legislation is approved. The bill also contains provisions to give SUNY and CUNY greater freedom in several areas of personnel, purchasing, construction, and contracting. For example, the bill allows CUNY and SUNY to enter into joint ventures and public-private partnerships, provides for more flexible use of real property, streamlines campus construction, and eliminates pre-auditing of expenditures. In return, both systems would promise greater accountability and transparency on expenditures and tuition revenues. Although some progress was made on deregulation in the early 1980s under a special commission created by SUNY, New York colleges and universities remain some of the most highly regulated in the nation.

Oregon may consider the ideas contained in a comprehensive, thoughtful, if not impassioned report authored by former University of Oregon President, David Frohnmayer. The Oregon University System consists of seven universities under a single governing board, the State Board of Higher Education. Using the model of the Oregon Health and Science University, which was removed from the system and created as a public corporation in the mid-1990s, Frohnmayer has proposed making the state's three largest institutions — Oregon State, Portland State, and the University of Oregon — quasi-independent public corporations with their own governing boards. Ties to the university system would continue through formal compacts that would set institutional performance standards. The compacts would be tied to the system's strategic goals contained in its 2007 strategic plan, *An Investment in Oregonians for Our Future*. The state board would continue to fully oversee the regional universities. Among other freedoms, creating the corporations would allow the three universities to set their own tuition levels, be free from some state reporting requirements, and set their own employment rules. A special session of the legislature would be required to consider the proposal since the Oregon legislature meets in regular session every other year, in odd-numbered years. Thus far, a special session has yet to be called.

Louisiana's Postsecondary Education Review Commission has recommended that the state's governing boards be granted the authority to set tuition levels. Currently, two-thirds of the legislature must approve all increases approved by the governing boards. Governor Bobby Jindal supports such tuition flexibility and authority (not full autonomy) if they are tied to specific performance goals, and possibly to reorganizing the state's governance structure. He has introduced his own bill allowing increases up to 10 percent per year until an institution's tuition reaches that of its average peer institution in the south. Thereafter, tuition increases would be limited to 5 percent a year or the

consumer price index, whichever is less. Colleges would have to agree to implement six-year performance agreements on admission standards and graduation rates, including rates for minority students.

The University of Washington, Washington State University, and Western Washington University are also supporting legislation that would grant them greater tuition-setting authority, although at this time its prospects for passage this year have diminished. The legislature currently approves tuition increases above a prescribed amount each year; a senate bill, which passed in February, allows institutions to increase levels of up to 14 percent annually for undergraduates, but at an average of 9 percent over 15 years. The Senate bill also contains provisions for performance agreements between each institution and the state on meeting critical state needs, including commitments to student affordability through institutional student aid increases. Under strong consideration in 2005 but never enacted, the performance agreements would be individually negotiated and renewable every few years. However, with the failure of the bill to pass the House Higher Education Committee in late February, tuition autonomy and other desired flexibility may have to wait.

Proposals on deregulation and tuition autonomy are rekindling interest in the Virginia restructuring legislation of 2004, whereby state universities were granted increased levels of fiscal flexibility in return for promises to meet state-identified goals through performance contracts. Policymakers or institutional leaders looking at Virginia's restructuring should pay particularly close attention to how the intent of the Virginia legislation is working as the state budget worsens. Some questions to consider include: How well do the management agreements negotiated with the state provide budget stability and predictability by allowing institutions to backfill declines in state dollars with tuition dollars? Are reporting requirements burdensome for accountability and state performance (even if regulations are fewer)? Does tuition autonomy have limits for non-selective institutions?

In 2004 and 2005, the Ingram center produced two papers on the subject, "Are the States and Public Higher Education Striking a New Bargain?" authored by David Breneman, and "The New Interest in Charter Universities and State Performance Contracts." These are available on request from AGB.

### ***Tensions over affordability, tuition increases, and tuition control***

How many states will enact tuition autonomy before this year's legislative sessions are completed is an open question. Efforts for autonomy will likely stretch into the future if predictions on state budget shortfalls are correct. And debates on tuition increases can frequently generate political pressures to moderate any increases.

For next fall, many political and higher education leaders will try to hold the line on increases to preserve access and affordability. West Virginia Governor Joe Manchin, for example, still sees the need for a tuition freeze and called for it in his State of the State address, in part to ensure affordability that would lead to better college graduation rates. However, new legislation passed by the state senate would allow increases of up to 5 percent per year for the research universities and 3 percent for all others, upon approval by the state's Higher Education Policy Commission.

Missouri has frozen tuition for the second consecutive year despite budget reductions of up to 5 percent. Although trumped by the tuition freeze, the state also has a requirement, approved in 2007, that tuition be raised no higher than the consumer price index, unless a requested waiver from the institution's governing board is approved by the state's commissioner for higher education. The freeze will most likely be lifted next year, and applications for waivers on the 2007 requirement may keep the commissioner busy.

The Wisconsin Board of Regents has frozen tuition at the system's 13 two-year campuses in recognition of the students they serve, both younger, less financially able students, and older adults.

In Connecticut, legislation has been introduced in the General Assembly that ensures that the joint committee on higher education reviews and comments on any proposed tuition change prior to a vote of either the Connecticut State University or University of Connecticut board of trustees.

## ***Recasting institutions and systems***

New Jersey institutions are probably advancing the most ambitious set of proposals to deregulate higher education. In a document sent to Governor Chris Christie, the New Jersey Presidents' Council has presented a list of over 50 unfunded mandates and over regulated areas with specific recommendations to alleviate them. The prepared list of items affects all institutions, public and private, although more affect the public institutions, particularly the nine state colleges and universities.

Among the most notable proposals for deregulation: 1) designate the state colleges and universities as the employer of record for collective bargaining (it is now the state); 2) remove classified employees of the state colleges from civil service status; 3) improve communication with the Department of Environmental Affairs to improve recycling programs, more efficiently address hazardous waste disposal, and repair historic facilities; 4) streamline the approval process for construction projects so facilities can be designed and built much faster and less expensively; 5) raise bid thresholds on procurement; and 6) eliminate tuition caps in the annual state budget and place full tuition authority in the boards of trustees. (New Jersey's public institutions, among the most expensive in the country, are looking to lift the tuition caps that have become an annual part of the state budget.) An education committee working on Governor Christie's transition just prior to his inauguration foreshadowed many of the deregulation proposals. Governor Christie could include any of the 50 items in his 2010 budget proposal in mid-March or issue executive orders on those not requiring statutory change.

In a parallel but separate development, the nine state colleges and universities of New Jersey (all of the state's senior institutions with the exception of Rutgers, the University of Medicine and Dentistry, and the New Jersey Institute of Technology) are considering the creation of a new autonomous public corporation to accomplish deregulatory goals. Through the corporation, institutions could acquire, sell, and lease real property. The corporation would also be able to enter into private enterprise partnerships and provide services related to purchasing, contracting, construction, risk management, and other financial services required by the institutions on behalf of the institutions, individually or collectively. The creation of such a new entity would require an executive order by the governor, followed up by legislation, or new legislation at the outset.

In Nevada, a state facing very steep cuts in higher education, Governor Jim Gibbons has proposed "an entirely new way of thinking about higher education funding to allow the Nevada System of Higher Education to function in a more autonomous, flexible, and entrepreneurial manner." His proposal includes tuition revenue retention for campuses, with a stated expectation that students will pay more going forward; a reclassification of university employees from the state to the university system; greater flexibility on designing and building university facilities; and a modest (25 percent) carry-over of unspent appropriations to the next fiscal year. To stabilize future higher education funding, the governor hopes that the legislature will agree to a goal of a set percentage of appropriations for the university system for the remainder of the current biennium and the next. Although not specific at this point, in return for greater autonomy and flexibility, the governor expects transparency in finances and accountability for results. He has asked the system to work with his staff and legislative staff to begin drafting legislation for the 2011 legislative session.

## **New proposals affecting public governance**

Mississippi appears to have rejected merging (at least administratively) its three historically black institutions, Jackson State University, Alcorn State University, and Mississippi Valley State University. In addition, this proposal included merging the administrative functions of Mississippi University for Women and Mississippi State University. Proposed by Governor Haley Barbour, the legislation died in legislative committee.

In Louisiana, the Postsecondary Education Review Commission has recommended consolidating the state's various higher education boards into two distinct boards. The current Louisiana Community and Technical College System would remain intact, with two two-year institutions from other systems added to it. The new proposed four-year system would merge the institutions and governing boards of the Louisiana State University System, Southern

University System, and the University of Louisiana System with the state's coordinating board, the Louisiana Board of Regents. Governor Bobby Jindal is supportive of the recommendation, but it will face many questions in the legislature, where institutional loyalties remain strong.

In New Jersey, the education committee working on Governor Christie's transition has recommended that the Commission on Higher Education (the state's coordinating board) be eliminated and that an agency with a smaller staff with no lay board replace it. In 1994, New Jersey significantly altered the authority of the then Board of Higher Education and the New Jersey Department of Higher Education, creating the current commission. The proposed coordinating agency would report directly to the office of the governor. Similar agencies exist in Minnesota and New Mexico.

In the District of Columbia, the city council is proposing that a screening committee be created to recommend nominations for trustees to the University of the District of Columbia. The District had such a committee in the 1990s, but it was eliminated in a government restructuring initiative.

A study by California's Legislative Analyst's Office observes that state coordination is inadequate for the challenges facing the state. To more adequately align the capacity of the state's three college and university systems into a clear "public agenda" to address state needs, the study recommends replacing the California Postsecondary Education Commission, a relatively weak agency, with a new entity focused on stronger state policy leadership. The joint legislative review committee looking at the state master plan will consider the study's recommendation.

### *Seamlessness*

Tennessee has approved legislation, the Complete College Tennessee Act of 2010, that eases student transfer between two- and four-year institutions and ends remedial education funding at four-year universities. The legislation also joins Tennessee with a growing number of states, including Indiana and Ohio, that have shifted their state funding formula from one based on enrollment and capacity building to one based on course or degree completion. Governor Phil Bredeson, who is the ex-officio chair of the state's two university systems, advocated for the legislation. To help facilitate the goals of the legislation, Tennessee will create a unified system of community colleges. The 13 community colleges will remain a part of the Tennessee Board of Regents System, which also includes seven four-year universities. Until the Complete College Tennessee Act of 2010 was approved, there was talk of unifying all Tennessee institutions under one consolidated system with a single governing board.

The eight-campus University of South Carolina System has created an internal task force of senior system and campus administrators to explore ways to more effectively manage costs and respond more effectively to state needs and priorities. Facing major budget reductions and already charging relatively high tuition compared to other southern states, the task force is exploring necessary ways to create efficiencies and increase productivity, both in administrative operations and academic programs. The system's ultimate goal is to create a more integrated system, one in which the system more cohesively addresses the challenges facing the state. Included in this goal are better degree completion rates by facilitating the movement of students more seamlessly from the system's two-year institutions to its four-year institutions, and the consideration of more cohesive system-wide faculty governance.

## CONCLUDING OBSERVATIONS

Two major factors may determine if the aforementioned proposals and legislation advance this year. The first is the fall 2010 elections. Many of the developments cited above require strong gubernatorial support if they are going to advance. A total of 37 gubernatorial seats will be contested, with at least 23 new governors elected because of open seats. Legislature races will occur in 48 states. Some elected leaders may prefer to defer difficult or major decisions until after the November elections.

Second, as already discussed, are the states' fiscal conditions. If state budgets remain in the red for the next few years, even if the economy turns a corner, state elected leaders may be more receptive to new ideas, deregulation, and budget relief, especially if postsecondary education remains high on their agendas. Full tuition autonomy will likely remain elusive, however. Preserving access and affordability will probably remain a priority with legislators and governors. They will possibly seek assurances from institutions when allowing tuition to rise substantially, and they may feel compelled to respond first to student pressures to moderate tuition increases, before responding to advocacy for more dollars for institutional operations.

The budget crisis is also spawning anew the inevitable tension on which is the better approach to achieve cost savings and efficiency. Higher education sees deregulation and autonomy as the means to achieve efficiency, and many state leaders see stronger state oversight, cost control, and centralization as the means. Some would categorize this as a tension between market forces and central planning, arguing that a better balance is needed between the two.

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