



**Lumina**<sup>™</sup>  
FOUNDATION



# CAPITALIZING ON POSTSECONDARY EDUCATION TO DEVELOP IN-STATE TALENT

**A Transition Memo for Governors**

## Overview

From the day you are elected through your State of the State/Commonwealth speech, you should clearly signal your administration's commitment to growing the numbers of state residents who possess the knowledge and skills necessary to participate in society and an ever-evolving labor market.

As a first step, commit to Goal 2025 by pledging that at least 60 percent of your state's adults will have earned high-quality degrees, certificates, or other postsecondary credentials by 2025. Within the next 10 years, the United States will need millions more people than the country is on track to train and educate with credentials that open the door to further learning and meaningful employment. Mathematically, your state will not reach these lofty goals without aggressively educating the underserved. Increasingly, the people who need credentials of value will be racial and ethnic minorities, they will be from low-income families, they will be the first in their families to go beyond high school, and they will be adults who earned college credit but haven't finished their degrees.



We at Lumina acknowledge the essential role of postsecondary institutions, but we also believe these institutions, with your help, need to change the way they do business if we are to meet the needs of American society. There's simply not enough money available in state budgets or the American economy to scale up the existing inefficient cost structure of higher education to meet your state's needs or the nation's. Setting aside university research, we spend twice the amount of the average developed country per student on higher education. The silver lining in this comparison is that there's a good deal of room for improvement as we reexamine funding priorities. When college and university officials tell you their No. 1 problem is lack of money, be skeptical.

To create a higher standard of living for your constituents, you will need to: 1) ensure affordable options for education and training beyond high school are widely available, 2) ensure postsecondary success rates for students of color and other underrepresented students are equal to those of white students, and 3) support the development and expansion of lower-cost academic models, including competency-based programs and non-degree credential programs which signify valuable learning.

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The good news is that there is evidence to support these talent development policies and you have significant authority to effect change. The Gallup-Lumina Foundation Poll has consistently documented the importance people place on education beyond high school. As governor, you can exert leadership by setting a clear direction, adopting or strengthening

budget and finance policies that support student achievement, building on your existing K-12, higher education, and workforce systems, and appointing officials and trustees who are in sync with your vision and can shape state and institutional policies. You are well positioned to design, win support for, and implement a talent agenda for the state that attracts business investment and higher-wage jobs.

This framework will help you craft and execute a 90-day plan for launching your agenda. To maintain focus, you should identify no more than a handful of priority work areas initially, including campaign promises.

## Situational Awareness

Your immediate objective should be to find out what's working and what's not, embracing your predecessors' good ideas while reinforcing early and often that your state "needs more college graduates." You will want to appoint a well-connected and informed postsecondary focused transition team that can assess the state of postsecondary education, has a deep historical knowledge, understands policy and budget challenges and make recommendations for policy action.

**Know your stats:** Your team can glean valuable, objective insights and advice by seeking relevant state statistics and comparative data state K-12, postsecondary, and workforce longitudinal data systems and from national experts in higher education and workforce development.

**Know your assets:** From there, your team should inventory and understand your state's resources for increasing educational attainment.

**Focus on alignment:** Ultimately, you should consider more-formally aligning your state's K-12, higher education, workforce development, and economic development systems and agencies to support talent development with clear goals. This coordination and collaboration could be supported through regular cabinet-level interaction or a process-driven collaborative structure among education related agencies. Make sure that you set the goals and drive the work at this level. Just having cabinet meetings will not ensure strong talent development alignment. Your role is to set expectations and routinely inquire about progress will make a significant difference in the pace and intensity of the work. Going beyond such coordination to initiate massive restructuring of postsecondary systems often produces disappointing results relative to the investment of time, money, and effort. It's a mistake you should avoid.

To help you assess your state's relative strengths and work areas, Lumina offers in-depth, state-by-state comparisons of progress toward Goal 2025 in an annual progress report, *A Stronger*

- ▶ KNOW YOUR STATS
- ▶ KNOW YOUR ASSETS
- ▶ FOCUS ON ALIGNMENT

*Nation*. Your advisors can download this publication at [https://www.luminafoundation.org/stronger\\_nation](https://www.luminafoundation.org/stronger_nation). The National Center for Higher Education Management Systems (NCHEMS), a nonprofit consultant to states, also provides comparative state data at <http://higheredinfo.org/>. In addition, The Education Trust offers useful institutional comparisons, disaggregated by race and ethnicity, at <https://edtrust.org/>.

Questions you should begin to explore during the transition include:

- What is your state doing well? For example, is the state measuring its return on public investment in colleges and universities in clear and meaningful ways that benefit students and encourage continuous improvement?
- Where is there room for significant improvement? For example, does the state have in place outcomes-based funding that encourages colleges and universities to do better at ensuring students actually earn degrees and other credentials they enroll to pursue?
- What resources do you have to work with? For example, how much local, state, and federal money is available to develop talent, and how much flexibility exists when spending it?
- What can you do to increase the affordability and availability of education and training beyond high school? Is your state encouraging public universities and community colleges to do more with available resources? And how is the state thinking about emerging providers of postsecondary education that are not traditional colleges and universities? What roles should they have in affordably educating state residents?
- What did you promise during the campaign, and what are the budgetary implications of these pledges?

When you tally your state's postsecondary assets, you should think broadly and deeply about the people, programs, and financial resources that contribute both directly and indirectly to developing a better-educated state population. This inventory should leave you with a firm grasp of the types of providers and programs at your disposal, as well as a sense of what opportunities and challenges lay on the horizon. Like many governors, you will be interested in promoting college affordability, obtaining the most from the state's investments in postsecondary education, and positioning public universities and community colleges in ways that help grow your state's economy.

These are obviously challenging fiscal times. Although no one will be enthusiastic about doing more with less, colleges and universities must be expected to demonstrate they can do more with what they have in order to gain the public's trust and secure a greater level of public and private investment.



One set of institutions has been doing more. In the United States today, community colleges educate nearly half of all undergraduates. Many states have found community colleges, which accept all comers, are a flexible and less costly way to meet labor market demand for workers with education beyond high school. Not everyone needs a bachelor's degree to succeed. And, for those who want to go on, community colleges can get students off to a solid, affordable start. In addition to lower tuition, these institutions offer more-flexible course schedules that appeal to working adults and often provide remedial course offerings to students who are not ready for college-level courses. However, many of these institutions are struggling to graduate students, and they will need your support to improve student outcomes and to increase responsiveness to workforce needs.

At the same time, some four-year institutions have responded to states' belt tightening by eliminating duplicative or undersubscribed programs, reengineering large-lecture courses using technology to lower expenses, requiring students to take courses off campus to increase capacity, increasing teaching loads, signing bulk-purchasing contracts for health care and energy, and offering new distance-education programs. These are all worthy ideas. We believe that through these and related efforts higher education can become more efficient, making better use of available resources to educate more students, as other industries and sectors have. We also believe these productivity gains can be achieved without sacrificing the quality and learning that associate and bachelor's degrees should represent. You should encourage and promote such productivity initiatives within your state.

Finally, you should explore ways to ensure that student learning is credentialed regardless of how, when, or where it occurs. Not only have the number of people with postsecondary certificates increased, research indicates many certificates result in wage gains of 20 percent and create pathways to degree attainment. For certificates to make a contribution to postsecondary attainment, states must ensure programs are rigorous, tailored to the job market, meet employer demands, widely available, and designed for timely completion. Also, certificates and non-credit learning, whether from corporate, military, or workforce training, should connect in ways that make it easy for people to figure out how they can be applied toward earning meaningful credentials, including degrees.

After your team has mapped the state's talent assets, gained an understanding of how the state is positioned relative to others nationally in terms of talent development, and delivered a set of initial findings, conclusions, and recommendations, the vision you advance should be bold, ambitious, and measurable, with Goal 2025 as your North Star. To build support for your agenda, you should enlist allies from among the voting public and business leaders, using meetings, task forces, policy forums, speeches, and other means to frame your vision and drive action.

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## Selecting Advisors

Within your office staff, it is critical that your education policy advisor (GEPA) and work-force/economic development policy advisors (GEDA) work together. You should choose aides with proven track records and credibility with the main actors in postsecondary education. In addition, your budget agency leaders will exercise varying degrees of influence and control over higher education budgets, including operating and capital appropriations for institutions and any state-level financial aid. They should be carefully vetted for their ability to be seen as credible leaders and to ensure execution of your vision with fidelity.

## Appointing Trustees

You also will likely appoint representatives to state higher education coordinating or governing boards, which in turn appoint state higher education executive officers. You and your aides should get to know the current state higher education executive, who's likely to remain in place for some time. If possible, you should work with this executive to implement your vision. You also should evaluate the current appointees to coordinating or governing boards, giving special attention to those awaiting reappointment or whose terms are about to expire. These boards typically control the regulatory apparatus affecting higher education and have the potential to be champions for a strong policy agenda if engaged and informed. Such boards also approve programs and present capital and operating budget requests to legislative committees with appropriating authority, often working closely with budget agency officials.

Your appointees should be thoroughly vetted to ensure they share your vision for talent development. Your administration also must ensure they have the training and support they need to deliver on your expectations.

Finally, you also are likely to appoint trustees or regents to public college and university boards.

These are highly prized appointments, and you should make them count. Again, take note of who is awaiting reappointment and any openings which may need to be filled quickly. You and your aides should condition college and university trustees to act in the public interest, by focusing on increasing the state's educational attainment in cost-effective ways, instead of simply representing institutional wants and desires.



For example, your administration could work with trustees to ensure they incorporate achieving year-over-year increases in completion of degrees and other credentials, closing or eliminating disparities across racial and ethnic groups in graduation rates, and realizing productivity gains among their criteria for evaluating the performances of presidents and other institutional leaders. If you choose carefully and clearly communicate your vision when making appointments and through structured board engagement, over time you will have a valuable network for promoting change.

## Actions to Consider

Here is a list of options for addressing affordability, completion, innovation, and workforce development you should consider to grow your state's talent. Your best choices will depend on results of your talent development inventory and conditions within your state:



### Affordability

- Publicly commit to ensuring postsecondary education remains within financial reach of those who need it to advance personally and professionally.
- Encourage "truth in pricing." To limit tuition increases, public institutions have been quietly adding mandatory fees.
- Explore linking tuition increases to family income. In this way, institutional funding is better related to economic prosperity. When times are bad, tuition is in check. When times are good, people can afford to pay more.
- Hold the line on tuition at public colleges and universities serving the greatest numbers of students of color and students from low-income families. Tuition increases may be acceptable if institutions can demonstrate the controlling of costs and need-based financial aid keeps pace, ensuring access and affordability for students from low-income families.
- Require colleges and universities to explain what they are doing to limit student borrowing. National models for reducing student debt exist that rely on helping students make better choices when considering student loans.
- Don't treat colleges equally. If you can only give higher education modest funding increases, it's wiser to invest in growing enrollment, while increasing expectations for completion, than in across-the-board inflationary increases.
- If you absolutely have to cut the state budget, don't err by cutting postsecondary education disproportionately. Deep cuts are an open invitation to raising tuition and reducing college access when the state can least afford to diminish its talent investments.

- Order a review of college and university bonding that examines the effects of capital projects borrowing on operating budgets. How do debt service and the costs of running new buildings affect college access and tuition?
- Set cost-savings targets for public colleges and universities and take steps to monitor how savings are reinvested to affordably educate more students. Share some savings with institutions, and encourage institutions to use Responsibility-Centered Management (RCM) and real-time Labor Market Information to spend wisely.



### **Credential Completion**

- Launch a statewide initiative to build the talent of the adult workforce as a partnership among the state, higher education, workforce development, and employers. Rely on higher education and workforce development funds to support your effort.
- Adopt metrics for measuring college productivity and holding institutions accountable for increasing graduates. The National Governors Association has advanced a set of measures.
- Consider a budget that allocates at least 10 percent of annual operating funding for colleges and universities on the basis of how well they do helping students finish their educations, and particularly on the success of students of color and other underrepresented students. Also consider setting aside money to help public institutions faring poorly under outcomes-based funding with technical assistance to improve their student outcomes.
- Require community colleges and public universities to establish—and report against—objectives for year-over-year increases in the numbers of students finishing degrees. These objectives should include equality in student outcomes across racial and ethnic groups by 2025.
- Focus on student transition points, where costly “leakage” occurs. Promote course credit libraries that allow seamless transfer of courses among public institutions, which can result in substantial savings as students move from community colleges to bachelor’s-granting institutions. Students who earn more credits than are necessary to earn their degrees waste substantial student and taxpayer resources.
- Fund career concierges within community colleges. Two-year institutions are anchor training providers for your state’s One-Stop Centers, which can function like branch campuses for adults in need of workforce training who are interested in earning credentials. To connect adults interested in enrolling in local community colleges through these centers, career concierges should be made available along the lines of the statewide model described in the Lumina-funded report *Non-Traditional No More: Policy Solutions*



for Adult Learners. Concierges should serve as single points of contact who help people navigate community college enrollment, registration, and class scheduling.



### **Innovation**

- If you can afford to make public investments, consider spending money on technology to support accelerated, lower-cost academic models, and up-front investments in competency-based programs and in guided pathways which can boost the numbers of graduates.
- Identify—and invest—where the state is spending efficiently and cost-effectively to educate increasing numbers of graduates. Think in terms of promoting talent development and not simply in terms what's best for individual institutions. Focus on the student outcomes.
- Propose a massive upscaling of early-college high schools, dual and concurrent enrollment, and similar programs and consider setting a goal that a certain percentage of your state's students will leave high school with associate degrees. Find out what the current baseline percentage is and set an ambitious target goal for the near future.
- Appoint a bipartisan commission that reviews regulations governing postsecondary education and ask the panel to make recommendations for removing barriers to innovative, lower-cost models and increased postsecondary attainment.



### **Workforce Training**

- Develop “roadmaps” for workforce training options. Career Pathway roadmaps should be created as visual aids to use the state's Eligible Training Provider List to help people find their way to appropriate programs.
- Identify breakthrough training providers and programs. Your state's Eligible Training Provider List should be reviewed and expanded to include innovative programs, including out-of-state offerings. The recent federal Trade Adjustment Assistance Community College and Career Training (TAACCCT) grants have incubated a number of such programs.
- Shorten training time. Competency-based education (CBE) offers significant opportunity for increased credential attainment for adults under the Workforce Investment Opportunity Act. Some CBE programs allow students to apply life and work experience towards their training, saving time in pursuit of credentials.
- Create bridge programs. The workforce system should offer a full range of opportunities for combining adult basic skills with career-technical certifications. States should develop and support bridge programs for recipients in need of Adult Basic Education that lead to college credit or an occupational credential.

## Next Steps

Reshaping postsecondary education to strengthen talent development will require a high level of commitment. Higher education operates through a system of shared governance that gives faculty members a great deal of authority. There is no clear “chain of command,” which is meant to protect these institutions from direct political influence.

Effective change strategies are always complicated. Top-down policy changes usually require authentic, bottom-up engagement with academic leaders to sustain beyond a single administration. Another challenge is that higher education lacks the broad constituency enjoyed by many public priorities. Within your state, however, you are able to appoint leaders at various levels whose voices and actions can supplement your authority to direct the state policy apparatus, propose budget agendas, and use the bully pulpit to mobilize other political and civic leaders.

The insights above arise from Lumina’s experience working with state policymakers through Strategy Labs, a 50-state platform for providing technical assistance, opportunities for peer-to-peer interaction, and nonpartisan research and analyses. You may gain access to the Lab’s resources at <http://strategylabs.luminafoundation.org/>.

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