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Getting It Right

**Public Policy
and Nebraska
Higher Education**

**National Center for Higher Education
Management Systems**

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Introduction

Higher education gets a lot attention from state policymakers as well it should. It is a major item in state budgets (almost always the largest discretionary part of the state budget), but it is also the “light on the hill” – the investment that states make that generates a huge return, both socially and economically. Policymakers take pride in their colleges and universities in ways that make higher education very different from corrections systems, welfare systems, or the increasingly enormous expenditures being made on health care. Policymakers in Nebraska are no different than their counterparts in other states in this regard.

Historically, the high esteem in which higher education has been held has resulted in an arm’s length relationship between state government and public colleges and universities. To some extent the hands-off attitude stemmed from the deference given by lay people to the much more highly educated professionals who inhabit the academy. In addition, many institutions and systems have constitutional status. And all public institutions are governed by lay boards whose members are either elected officials in their own right or are appointed and confirmed by elected officials. The arms-length nature of the relationship is even more pronounced in the case of locally

governed community colleges that have not only elected boards but independent taxing authority. To be sure, institutions must conform to a variety of regulatory rules and procedures such as those affecting purchasing, contracting, and the employment of classified staff but the truly strategic decisions about the purpose and direction of postsecondary education have generally been left to institutions and their boards. The relationship could be characterized as a variant of the Charlie Wilson assertion that “what’s good for General Motors is good for the country” – that is, what’s good for high education is good for the state.

In this environment, public policymaking is heavily skewed to issues of funding – How much of the state budget will be devoted to higher education? How will those funds be allocated? What strings (if any) will be attached to the use of those funds? In most state legislatures the focus of attention is the appropriations committees not the program (education) committees and, to the extent there are issues of accountability, the focus is as likely to be on issues surrounding specific expenditures as on performance; waste and abuse of expenditure authority is more often a topic of hearings than is the failure to graduate students who enroll.

In short, the emphasis in public policymaking has been on creating a higher education capacity in the state with the specifics of the nature and use of that capacity being left to the education “experts” inside the institutions. Over the past decade, the policy emphasis has shifted considerably in many states – away from capacity building to capacity utilization, to ensuring that the higher education enterprise is responsive to the high priority needs of the state. This is made possible in many states (Nebraska among them) because the population of young people is not growing. Funding increases can’t be justified on the basis of enrollment increases. There is no need for additional capacity to meet a burgeoning population of potential college goers. More importantly, this shift reflects a recognition that a state’s postsecondary education enterprise is a key asset in creating a more promising future for the state and its citizens. The shape of that future and the role of higher education in attaining it are being accepted as key public policy decisions in many states.

The states that have embraced this “capacity-utilization” perspective on public policymaking have:

- Established clear goals regarding the desired future conditions of the state and its citizens. This change in perspective is important to note. The focus is on the state not the institutions of higher education; colleges and universities become means to personal and societal goals, not ends unto themselves.
- Aligned policies, particularly resource allocation policies, with these goals. The most obvious example is the creation of performance funding models that reward institutions for contributions to priority goals.
- Created accountability mechanisms that emphasize institutional and system performance rather than the manner in which resources were allocated or expended.

A review of Nebraska practices reveals that the state remains firmly wedded to the old institution-centric approach to public policymaking. There are no clear expectations stated for the higher education enterprise and, as a result, no firm basis for determining the most appropriate use of state resources. Nor is there a basis for establishing accountability that extends beyond financial matters into the realm of performance. This approach to policymaking is comfortable; it's the way it has always been done. In addition, it plays well with a powerful constituency – higher education institutions, their friends and alumni. In the end, however, this approach is unlikely to best meet the needs of the state and its citizens. It is time to recognize that Charlie Wilson's view of the world may no longer be relevant; the aggregation of institutional aspirations doesn't necessarily coincide with aspirations held by the state regarding its desired place in the sun. Without a change in public policy regarding higher education, the State of Nebraska and its colleges and universities run the risk of locking arms and marching smartly back into the last half of the 20th century.

This paper places Nebraska in a national and international context, enumerating its numerous strengths, but also some of its weaknesses. From this starting point, it proposes a set of goals and suggests a set of public policy initiatives that will be required if these goals are to be reached. These ideas are offered as both illustrations of key concepts and as a point of departure for some long overdue policy conversations in Nebraska.

Why Attention to Higher Education Matters

The fact that higher education represents a substantial item in the state's budget is reason enough for policymakers to devote considerable attention to the relationships between the state and its public colleges and universities. But if the fiscal lens is the only window through which higher education is seen, policymakers are missing much of what they should be looking at. Basing decisions only on financial information is akin to ordering off a restaurant menu that reveals prices but conceals information about the nature of the entrees being offered. Good decisions require attention to both costs and benefits.

And the benefits of higher education are many. As shown in Figure 1 in the appendix to this paper, the states with the best-educated citizens are also the states with the highest per capita income. And the correlation between the two factors is getting stronger and stronger. In 1980, the correlation between per capita income and the proportion of the working-age population having a baccalaureate degree was .64; in 1990, .76; in 2000, .80; and in 2010, .82. It is likely that the latter figure was dampened somewhat by the effects of the Great Recession. Not just coincidentally, the states with the highest levels of education attainment are the states that rank highest on the New Economy Index – their economies (in both private and public sectors) are closely aligned with the emerging technologies. The states with the lowest levels of education are states with economies that are driven largely by natural resource based industries or by old line manufacturing (especially the auto industry).

But the benefits extend well beyond economic considerations. States with highly-educated citizens also are the states with the healthiest citizens (no small matter recognizing that Medicaid and other health services have become the largest item in most states' budgets) (see Figure 2). These states also tend to have citizens who are less reliant on the social safety net, who are less likely to be incarcerated, and are more likely to give their time and talents in a volunteer capacity. The evidence is clear – there are enormous benefits, to both the individual and to society, to states whose citizens are educated to nationally and globally competitive levels.

How Does Nebraska Stack Up

Against this backdrop, it is useful to place Nebraska in a national and global context as a basis for identifying some key strengths and weaknesses and to better understand how well the state is prepared to compete in a rapidly changing global economy. This section of the paper presents some key facts about Nebraska along with data that places the state in a comparative context. These are facts that can lay the groundwork for enlightened public policy about higher education going forward.

Fact 1 With regard to education attainment levels of its working age population (25-64), Nebraska starts from a position of relative strength. Among the 50 states, Nebraska ranks 13th in the proportion of its 25-64 year-old population who have at least an associates degree, and 14th in the proportion with a baccalaureate or higher degree. (See Figures 3 & 4). Further, it is holding steady in this regard; Nebraska is 14th among the states in the proportion of its younger population (ages 25-34) holding a college degree (see Figure 5). Put in an international context, if Nebraska were a country it would be 9th in the world in terms of the proportion of young adults holding a college degree (Figure 6).

Fact 2 This level of education attainment will be woefully inadequate to the workforce needs of the future. Respected labor economists at the Georgetown University Center on Education and the Workforce project that 66% of Nebraska's workforce will need some education beyond high school by the year 2018. It is likely that this number will increase to the neighborhood of 68-70% by 2025, the year that most states have selected as their public policy planning horizon. The 66% estimate places Nebraska seventh among the states with regard to demand for an educated workforce (Figure 7). This does not mean that more than 2/3 of the workforce will need a baccalaureate degree. It does mean that a large proportion of the workforce will need a baccalaureate degree, an associate degree, or a certification recognized by employers as being of high value.

It should be noted that, even in those industries where conventional wisdom would suggest a low level of need for postsecondary education

credentials in the workforce, a substantial portion of the workers have some education beyond high school. In the agriculture industry, 48% of the workers have attended college, in manufacturing 46%, and in retail trade 56%.

Fact 3 The demographics of Nebraska create challenges. Several features about the demographics of the state will make it difficult (but not impossible) to reach the education attainment levels required. Among them are:

- Nebraska is projected to grow very slowly adding only 50,000 or so to its population over the next two decades; there is no likely major influx of young people that will be coming into the workforce. The number of young people in the state is expected to increase very slowly while the number of older citizens is expected to grow dramatically. The projected growth of the population aged 65+ is particularly noteworthy (Figure 8). The number of individuals in the traditional working age population will decline over this period.
- This means that a higher proportion of a smaller working age population will have to get a postsecondary credential if workforce needs are to be met.
- The number of high school graduates is expected to grow slightly in the coming decade and a half (by about 7%), but the composition of that graduating cohort will be very different; there are likely to be 1,800 fewer white graduates and 3,200 more minority graduates. The data in Figures 9 and 10 make clear that the population growth will occur among groups that have not been well served by postsecondary education in the past. Particularly alarming are the data in Figure 11 that show Nebraska having a larger attainment gap between whites and minorities than all other states in the country except Colorado.

Fact 4 Relatively high education attainment has not fully translated into equally high personal incomes. While the education attainment levels of the state's workforce are well above the national average, per capita income remains (slightly) below the national average (Figure 12). The good news is that

Nebraska has made steady progress toward reaching the national average over the past 30 years (Figure 13). The bad news is that a 13th place ranking in education attainment has not propelled the state past 22nd place in per capita income.

An explanation is that Nebraska employers pay their workers less than the U.S. average at every level of education completed; and the higher the level of education attainment, the further below the national average is the pay (Figure 14). The result is a situation in which more than a quarter of the employed college graduates are working in low wage jobs (defined as the U.S. median wage for individuals having a high school diploma as their highest level of education (Figure 15)).

Fact 5 The underlying economy of the state has not evolved into one that could be described legitimately as a 21st Century economy. The data that confirm this assertion takes several forms:

- The state ranks 34th on the New Economy Index (Figure 16), down from 28th position in 2007.
- The state ranks 35th among the 50 states in the proportion of its working age population who have college degrees *and* are employed in high tech occupations (Figure 17).
- According to the National Science Foundation Nebraska ranks 40th among the 50 states in the amount of federal funding awarded to the state's universities for research in the field of engineering, 34th in math and computer science, 40th in the physical sciences, and 32nd in the life sciences. There is no field in which the state has a truly nationally competitive research capability.

Fact 6 The state does not have a strong track record of innovation nor is it well endowed with innovation assets. The following data from the Kauffman Foundation in their 2010 State New Economy Index report reinforce the point. Nebraska is:

- 26th in the in-migration of foreign knowledge workers but 39th in the in-migration of US knowledge workers. Nebraska is not a state that attracts many non-residents to its job market.
- 41st in foreign direct investment

- 40th in job churning
- 32nd in fast-growing firms
- 43rd in IPOs
- 43rd in entrepreneurial activity
- 38th in patents (but 24th in inventor patents)
- 36th in industry investment in R&D (25th in non-industry investment)
- 50th in venture capital

These data paint a picture of a state whose economy is marking time, not bubbling over with change and innovation.

Fact 7 The state is extraordinarily dependent on education of its own citizens to fulfill its workforce needs. This also means that the state is extraordinarily dependent on its in-state higher education institutions to provide the trained workforce required by its employers. Nebraska is seventh in the country in the proportion of associate degree holders who are state natives (72% versus the national average of 54%) and ninth in the proportion of baccalaureate degree holders who were born in the state (59% versus the national average of 45%) (Figures 18 and 19). This is testimony to the fact that Nebraskans like living in their home state. However, it is also indicative that Nebraska lacks an economy that can attract high-skill, high-wage workers. To the extent that Nebraska imports a part of its workforce, the inflow is concentrated among workers with less than a high school education (Figure 20). It should be noted that states in which relatively few of the college-educated workers are natives are states that attract high-skill workers from elsewhere.

Fact 8 The highly educated workers in the state are concentrated in a handful of counties; the high-skill talent pool is by no means uniformly distributed across the state. Only eleven counties have a working age population that have college attainment levels above the statewide average (Figure 21). This disparity calls attention to the fact that Nebraska is comprised of have and have-not counties. A few counties have a highly educated workforce and the

relatively high incomes that are associated with this advantage. These are also the counties that are growing in population. Most of the counties in the state have below state-average education levels, below average per capita income, and are losing population. An unanswered question for the state and its political leaders is whether or not the state as a whole can prosper if so much of the state is being left behind. If the answer is no, then the follow-on question is “what is the strategy for reducing the disparities and what role must higher education play in the implementation of that strategy?”

This compilation of basic facts about Nebraska paints a picture of a state with unfulfilled potential, of a state with a strong foundation, but no discernible plan for building a brighter future on that foundation.

The Challenges

The data presented in the prior section of this brief document suggest a clear agenda for Nebraska’s postsecondary education enterprise, an agenda that will require state policy leadership as well as institutional commitment and action. This “public agenda” might be comprised of the following major components:

- A. Increase the postsecondary education attainment levels of the working age population to 68-70% by 2025.
- B. Decrease the education attainment gap between whites and minorities to a point at or below the national average by 2025.
- C. Contribute to the expansion and diversification of the private sector economy of the state. Set an expectation that per capita income in the state will be 10% above the national average by 2025.
- D. Attend to the economic development needs of rural Nebraska. Reduce county-to-county education attainment and income gaps from roughly 250% to 200% by 2025; in the process, create a circumstance in which 25 counties have education attainment levels that exceed the statewide average within this period of time.

In addition to these goals that deal with a desirable future condition for the state and its citizens, a final goal, one that is more operational in nature is suggested:

- E. Revise the public policy relationships between the State of Nebraska and its community colleges in ways that ensure that state priorities are addressed while maintaining local governance.

The reasons for the addition of this goal will become apparent later in this document.

Admittedly this list, and especially the numerical targets attached to them, represents the thinking of only one organization, the author of this report. The goals are derived from a clear-eyed look at the state through the lens of data about Nebraska and its comparative place in the nation and the world. In the end, these goals – or whatever goals replace them – must be owned by the political, civic, business, and educational leaders in the state and eventually by the broader society. This ownership will only come as a result of a concerted effort at consensus building. To the extent that goals can be identified and agreed upon, Nebraska will have a touchstone for policies and actions that will put the state on a path to a more just, prosperous, and exciting future. Failure in this regard will consign the state to a future of muddling along and dissipating opportunities to leverage its considerable advantages for the benefit of all its citizens.

The Question of Feasibility

The goals suggested above are aggressive. As such, they will undoubtedly raise concerns (even overt opposition) from those who assert that the price of success will be more than the state can – or is willing to – pay. This section of the report is devoted to addressing that concern, especially as it relates to the first of the stated goals.

In order to address the costs and benefits of reaching education attainment goals, the National Center for Higher Education Management Systems (NCHEMS) has created interactive models that allow states to investigate the consequences of focusing on alternative improvement strategies. (For those interested in test-driving the Nebraska model for themselves, it can be found at <http://www.nchems.org/NCHEMSCLASPNebraskaModel.swf>.)

Employment of this model leads to the following observations/conclusions as indicated by the pictures of the model results that accompany each observation found in Appendix 2.

A. If the education attainment target is set at 68%, Nebraska higher education institutions will have to produce 145,000 more degrees by 2025 than will be produced if current practices and levels of performance are maintained into the future. Business as usual applied to the population growth expected in the state will produce fewer than 600 of the additional graduates. The costs of doing nothing are high and the returns low. In fact the rate of return is negative; costs exceed benefits.

B. By focusing on educational strategies at the K-12 level – improving high school graduation rates to levels equivalent to those of best-performing states and enrolling these students in college at best-performing levels – about 22,000 additional degrees will be produced. This presumes no changes in postsecondary performance. This is a necessary step. But it is a high cost strategy without commensurate economic returns to the state. It costs money to enroll these students at all educational levels, but the tax revenues (and avoided social costs) associated with the additional numbers of graduates are insufficient to cover these costs.

C. Focusing on improved performance of the state's four-year institutions, both public and private, yields substantial benefits. If both the K-12 system and the state's four-year colleges (both public and private) perform at levels of their counterparts in best performing states, 72,600 additional college credentials would be produced. This covers about half of the 145,000 gap – a major step forward but still insufficient. This strategy yields large returns to the state. To be sure, there are costs associated with this strategy but the returns outweigh the costs. There are positive returns each year and in the last year the return on investment (ROI) is calculated as about 2.5 to 1.0.

This strategy presumes that colleges and universities become much more productive than they currently are – that they can find ways to graduate a higher proportion of the students who enroll than they currently do. The data in Figures 22-25 reveal that Nebraska's public universities, both University System institutions and the State Colleges have much room for improvement. They produce few degrees relative to the resources invested in them and a relatively low percentage of enrolled students graduate. The positive

ROI for this strategy is a consequence of getting many more graduates out of the same sized (and roughly same cost) student bodies.

D. Improve community college performance to best in the country levels. If community college productivity is raised to the same level of expectation as those established for their four-year counterparts, an additional 61,000 credentials would be produced – almost enough to finish closing the gap. The evidence regarding the state's two year institutions mirrors that of the universities; there is plenty of room for productivity increases within the level of resources available (see Figures 26 and 27). This, too, is a high payoff strategy. Again, there are additional costs involved, but in the end the calculated ROI (of the cumulative strategies) becomes 3.5 to 1.0.

E. Increase the enrollment and graduation of adult students. The previous strategies reveal that Nebraska cannot (quite) reach its attainment goal by being national best at every step in serving recent high school graduates. The remaining gap can only be closed by successfully educating more adults. Given the small size of the remaining gap this could be easily accomplished – participation levels well below the national best will suffice.

Achieving national best performing levels at every step along the way is a far-fetched expectation. To the extent that these levels are not attained, the gap can only be closed by successfully serving an increasing percentage of adults. To some extent, this is a feasible alternative. However, it should be noted that the more the reliance on access and the less the reliance on throughputs/college performance, the lower the ROI to the state. In the example that follows, if half the gap were closed between Nebraska performance and best performance on the completion variables (high school graduation rates and credentials awarded per 100 students), meeting the attainment goal would require college going high-school graduates to move to best in the country and participation of adults to more than quadruple – a level far in excess of best in the country. Under this scenario the ROI drops from 3.5 to 1.0 to 1.6 to 1.0. The big pay-offs are singularly dependent on the ability of colleges and universities to graduate the students they enroll.

There are numerous other options that could also be explored, many of which rely on breaking away from the traditional ways of delivering postsecondary education courses and degrees. For example,

- Become more reliant on use of technology and/or competency-based programs to deliver programs, especially to adults who have attended college but not completed degree programs. In furtherance of this strategy, several states – Indiana, Washington, Texas, and Tennessee for example – have established formal relationships with Western Governors University (WGU) in an effort to leverage the University’s expertise and relatively low prices to increase degree production among adult students. While the nature of the relationships differs, a common pattern is recognizing WGU as an in-state institution for purposes of students’ access to state financial aid programs.
- Increase the use of prior learning assessment (PLA) as a device for recognizing learning acquired outside formal education settings.
- Increase reliance on (and higher education acceptance of) advanced placement and dual enrollment as means to reduce costs and improve degree production.

The point is that, once degree attainment is established as a state priority, many alternative approaches to accomplishing this objective will emerge, especially if incentives for degree production are created.

Public Policy and the Community Colleges

The prior section makes clear that accomplishing the articulated state goals will require that:

- The community colleges become much more productive – graduate a much higher proportion of the students they enroll. Even if the high schools and four-year colleges perform at best in the nation levels, the community colleges will be relied upon to close half of the degree production gap.
- More adults enter the postsecondary system and acquire credentials of some form. The dependence on educating adults will increase in direct proportion to the

non-completion rates of recent high school graduates. Since the large majority of adult students are served by the community colleges in Nebraska, the colleges will also have to step up in this regard.

In many ways, the future success of Nebraska will be determined by the extent to which the community colleges can meet the challenges laid before them.

The importance of the colleges to the future of the state is not reflected in the public policy relationship with the state. To all appearances, the attention of the policymakers is reserved to resolving the biennial squabbling about allocating to the six districts whatever resources the state deigns to make available to them. The relationship can best be described as a revenue-sharing agreement between the state and six locally controlled educational entities. There is little evidence to suggest that this kind of relationship has served either the state or the colleges particularly well. It needs to be reexamined.

This is not a call for a change in community college governance; local control is not only deeply entrenched (and, therefore, nigh impossible to change) but it is appropriate for institutions whose mission is to be responsive to local needs. But it is a call for abandonment of a revenue-sharing finance model and replacement with something quite different. The model suggested for consideration is a pay-for-performance or a purchase-of-services arrangement. Such an arrangement would:

- Reinforce the primacy of local control. It would keep the state out of the internal workings of the institution.
- Force the state to be explicit about expectations – and to commit to goal achievement.
- Eliminate the argument about entitlements and “fair shares” from the funding discussions
- Reward institutions for their contributions to state priorities – without interfering with the colleges’ efforts to be simultaneously responsive to local/regional needs
- Make accountability inherent in the funding model

The importance of community colleges and the dysfunctional state policy environment surrounding them explain the incorporation of Goal E into the list of more outcomes oriented goals.

The nature of this new relationship can vary in specifics, but it is suggested that the following features be prominent in whatever final form the specifics take:

- The relationship between the state and the community colleges be based on a purchase-of-service financing model. The state should pay for outcomes produced – outcomes that respond to state and regional priorities. While the specifics about what is to be purchased/rewarded must arise out of the public agenda, other states that have gone down this path are paying for such things as increased numbers of degrees and certificates, degrees in high priority fields, degrees awarded to underserved populations, and amount of workforce development done in response to employer needs.
- This new funding model should be created under the leadership of CCPE in consultation with the colleges. The responsibility for developing the model should not be assigned to the colleges collectively.

The full development of such a new relationship depends on broader changes in higher education policy in Nebraska. These are discussed in the following section.

The Way Forward

The material presented in this document paints the picture of a state that is well positioned to move forward but lacks the public policy environment that would ensure that the state capitalizes on its potential. There can be no grand design for how the State and its higher education enterprise moves forward. Higher education is notoriously a loosely-coupled system, comprised of independent entities that may or may not be working together to accomplish the common good. The metaphor cannot be getting all the players on the bus; this assumes a single driver and lots of passive (institutional) passengers – not exactly a picture that comes immediately to mind when thinking about higher education in Nebraska. A better metaphor is ensuring that all the players are in the same canoe and rowing in generally the same direction. Actualizing this will require:

- A sense of direction – goals
- A canoe – a public policy framework that expects, allows, and supports getting from Point A to Point B

- Willing rowers – institutions operating independently but in pursuit of a common agenda

Laid out in this way, an agenda for action takes form. It consists of the following elements:

- A. Developing a widely understood set of goals around which there is a broad consensus. A straw man has been presented in this paper, but this straw man is no substitute for goals that emerge after consultation with, and involvement of, key players from throughout the state. Doing it right is a process-intensive activity. But it also requires leadership. In some states this leadership has come from a blue ribbon commission acting under the imprimatur of the governor and with strong support from the executive branch. In other states it has come from the legislature – not a committee acting on its own but a committee that has been delegated by the full legislature to act on its behalf (and is expected to deliver answers by a time certain).

In the best of worlds the responsibility for developing a public agenda for higher education in Nebraska would be assigned to the Coordinating Commission for Postsecondary Education (CCPE)¹ with commitment of support for the endeavor from both the executive and legislative branches. The Commission is a constitutional body that is “vested with the authority for the coordination of public postsecondary education” where coordination is defined as including, among other things, the adoption of a comprehensive statewide plan for postsecondary education. (Article VII – Section 14 of the Nebraska Constitution). While plans have been developed in the past, the political leadership of Nebraska has exhibited neither the interest nor the will to make the commitment necessary for implementation. The alternative that has been demonstrated to be effective in other states is to rely on the business community for this type of leadership (see, for example, the Texas Business Leadership Council). In Nebraska, the Nebraska Chamber of Commerce has created its own initiative in this arena. There is every reason to encourage this activity and to build from it to ensure that the broadest possible consensus is created around the goals that emerge.

¹ The Commission is comprised of eleven individuals appointed by the Governor and confirmed by the Nebraska State Legislature. Six of the Commissioners are chosen to represent each of the six Supreme Court Judicial Districts. The remaining five are appointed at-large.

Whatever the source of the impetus, the rest of the agenda can't play out if this item isn't successfully attended to early on. Several states have developed broadly defined and accepted "public agendas" for higher education, among these better examples being those of North Dakota, Illinois, Indiana, and Tennessee. Some thirty states have established college attainment goals, some by statute (e.g., Oregon), and several by gubernatorial declaration, but most through the leadership of coordinating agencies or state systems of higher education (Maine, Texas, Montana, and Utah).

B. Develop a public policy framework that is supportive of goal attainment. The most widely accepted goals in the world won't do any good if the policy environment creates incentives for behaviors inimical to progress – if policies serve as anchors rather than racing shells. Three specific actions are suggested for implementation in the short run:

1. Adopt, in a format that demonstrates commitment of the governor and the legislature, a set of goals to be pursued by the postsecondary education enterprise in Nebraska. The best vehicle would be a statute that clearly articulates a set of goals proposed by the CCPE. Failing this, a legislative resolution.
2. With goals in place, undertake a policy audit, a review of state policies, regulations and administrative procedures to identify and document those that serve as barriers to progress on the goals. Experience elsewhere suggests that creation of new policies is less often necessary than is the elimination of old policies and ways of doing business. Systematic attention to the web of mandates and constraints within which institutions must operate creates an agenda for legislative actions, actions that in many cases can be described as bearing no cost and resulting in reductions in bureaucracy. An example of a policy audit performed for the state of Tennessee can be found at <http://www.tn.gov/moa/documents/TNPolicyAuditMakOppAfford.pdf>.
3. Revisit the mechanisms by which state resources are allocated to institutions of higher education. Attention has already been drawn to the need for changing the nature of fiscal relationships between the State and its

community colleges. The same concepts (although not necessarily the same mechanisms) should be applied to the four-year institutions in the state. There should be some increasingly substantial component of the state allocation that is tied to outcomes aligned with state goals. This recommendation to adopt some form of outcome-based funding would bring Nebraska into the mainstream with regard to state practices regarding allocation of resources to educational institutions; some 30 states have adopted, or are developing, such approaches. Tennessee has the most aggressive outcomes-based allocation model, distributing almost 100% of their annual state appropriation on the basis of production of outcomes identified as priorities in their statewide plan. Most other states that have adopted this approach allocate between five and thirty percent of their appropriations in this way (although those on the low end of this range have plans to move toward the upper end).

- C. Create a mechanism for sustaining the agenda. Achieving strategic goals takes time; if goals can be achieved quickly chances are that they were not truly strategic. Sustaining attention to goals requires constant monitoring of progress and adjustment of tactics. It also requires that responsibility for keeping the process alive be assigned to some entity that has the capacity to perform this function; in the case of Nebraska, the logical choice is the Coordinating Commission for Postsecondary Education. The primary responsibilities would be to:
- Develop an annual report card of progress (or lack thereof) on state goals. The preparation of such a report card will require selection of a set of measures (or metrics) associated with each goal and the development of data displays (trends, dashboards, etc.) that communicate progress toward goal attainment in terms easily understood by policymakers, lay audiences, and the media. Commentary about the measures and explanations for observed changes are typical features of such report cards.
 - Conduct in-depth analyses, particularly on items where progress is not being made, and make the results available to policymakers and the public.

As an example, if the report card showed that the

attainment gap between whites and minorities was not being closed, it should be expected that analyses would be conducted that pinpointed

- The point(s) in the educational pipeline where minority students were being lost to the system.
- Specifics as to differences among minority sub-populations, concentrations of problems in specific geographic areas, etc.
- Other factors that could provide guidance regarding remedial action.

Typical reports also suggest actions that could be taken by various parties – changed policies or practices – to positively affect results.

- Convene an annual (or better, semiannual) meeting of the relevant players to reinforce the agenda, review the report card, and talk about short-term tactics. This could easily be done in conjunction with meetings sponsored by the Chamber or other groups. Such meetings provide an occasion to broaden the base of individuals who understand the reasons for selection of the goals, a forum for discussing what is working and what is not, and a venue for talking about implementation strategies.

Regardless of which entity is assigned (or assumes) the responsibility for these activities, the State is going to have to come to the realization that focused investments in infrastructure are going to be absolutely necessary, particularly investments in data systems and analytic staff that can use these data in support of sound policymaking. It is noteworthy that Nebraska is one of the few states making only minimal efforts to create a state longitudinal student data system. This makes Nebraska one of a handful of states in the country that apparently believes that good decisions can be made in the absence of good information.

Final Observations

As noted earlier, Nebraska is blessed by having numerous educational advantages, most particularly a relatively highly educated population, a state culture of support for education, and educational institutions with the capacity to meet the future needs of the state. Indications are, however, that Nebraska is satisfied with the status quo. Readers

should note that the US has slipped from first place to 15th in the world in the proportion of young adults holding college degrees. This drop in ranking didn't occur because the US suddenly performed much worse than it had in previous years; the US performance has been essentially flat for decades. The drop in relative position occurred because other countries are doing so much better at educating their young populations.

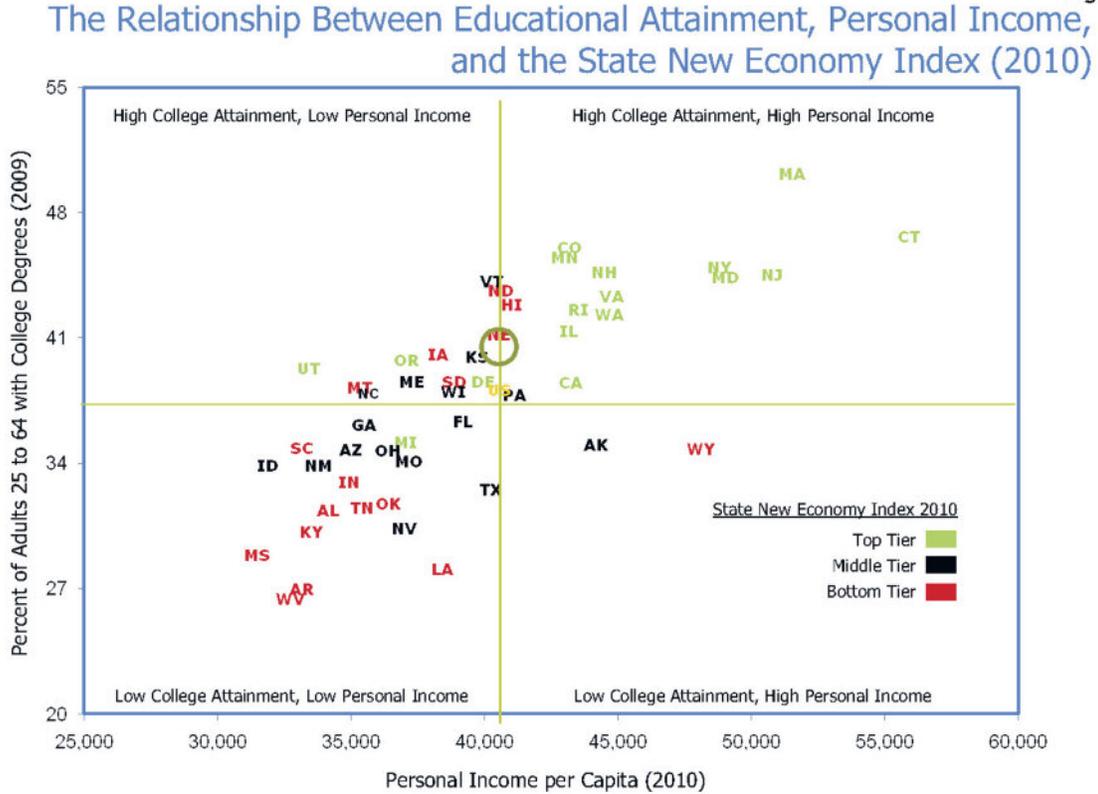
It should give Nebraskans pause that so many other states – both those with and without more educational advantages – are:

- Setting aggressive goals regarding the educational attainment levels of their population, closing attainment gaps, and promoting economic development
- Taking steps to align public policy – most especially resource allocation policy – with these goals.
- Building data and analytic capacity that supports good public policy
- Seeking to outpace states that are less motivated to improve.

Treading water will keep the state afloat, but it is not a recipe for making progress. Nebraska is capable of, and deserves, a much brighter future than it will achieve unless leadership is exerted and public policy regarding higher education becomes more strategic.

Appendix I: Data that Place Nebraska in a National and International Context

Figure 1



Source: U.S. Census Bureau, 2010 American Community Survey; Bureau of Economic Analysis; Kauffman Foundation

Figure 2

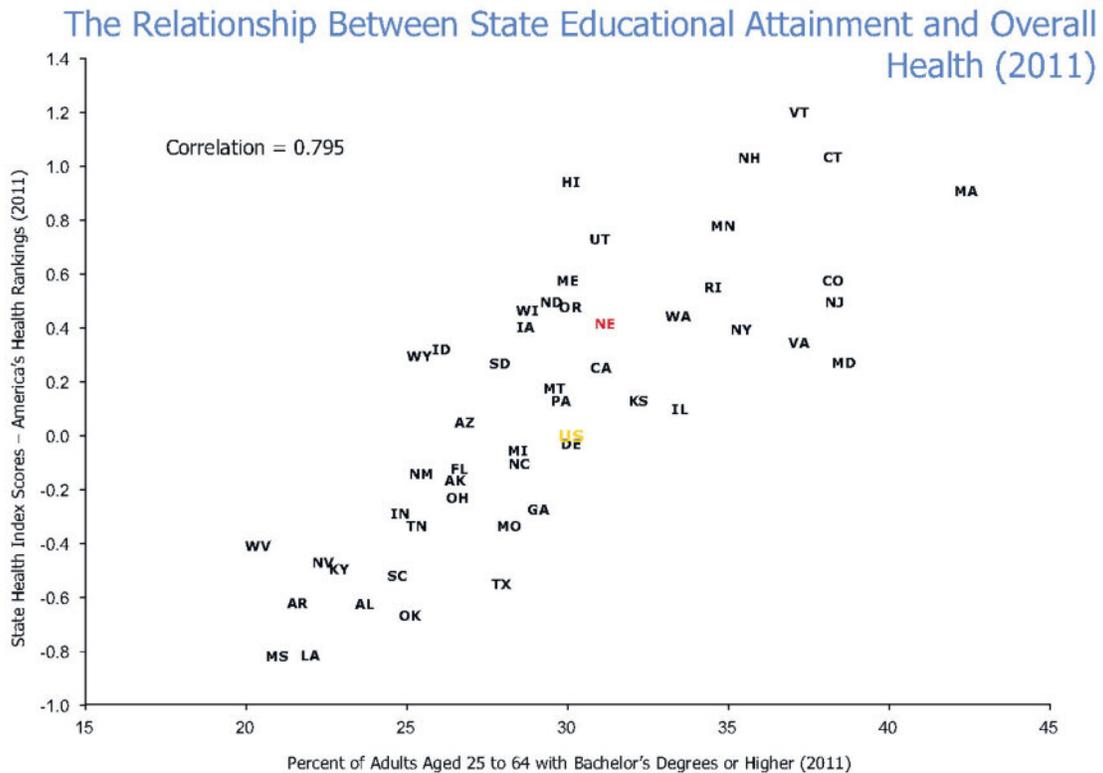
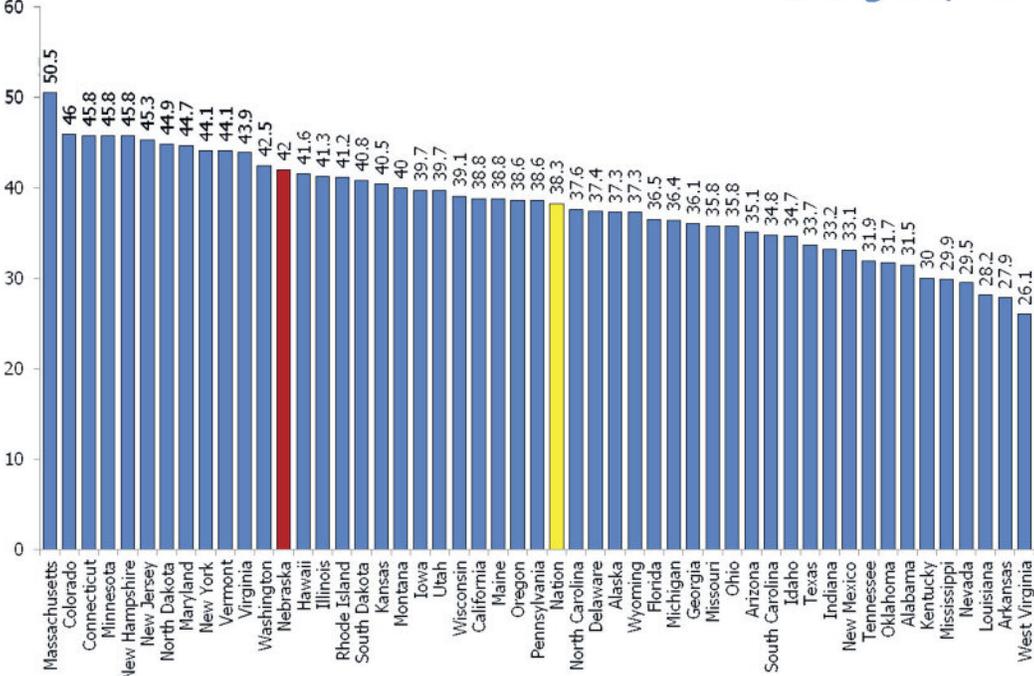
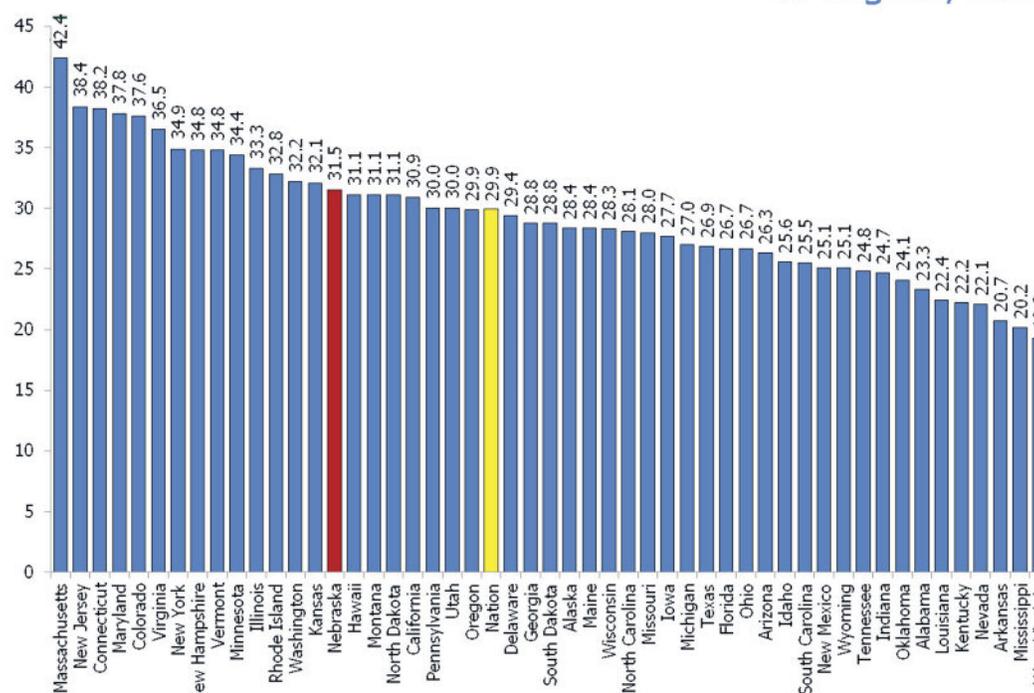


Figure 3
Percent of Population Age 25-64 with an Associates Degree or Higher, 2010



Source: U.S. Census Bureau, American Community Survey

Figure 4
Percent of Population Age 25-64 with a Bachelor's Degree or Higher, 2010



Source: U.S. Census Bureau, American Community Survey

Comparing Nebraska with Nations and Other States in the Percentage of Young Adult Degree Attainment (Ages 25-34)

Figure 5



Percent of Adults with an Associate Degree or Higher by Age Group – Nebraska, U.S. & Leading OECD Countries, 2010

Figure 6

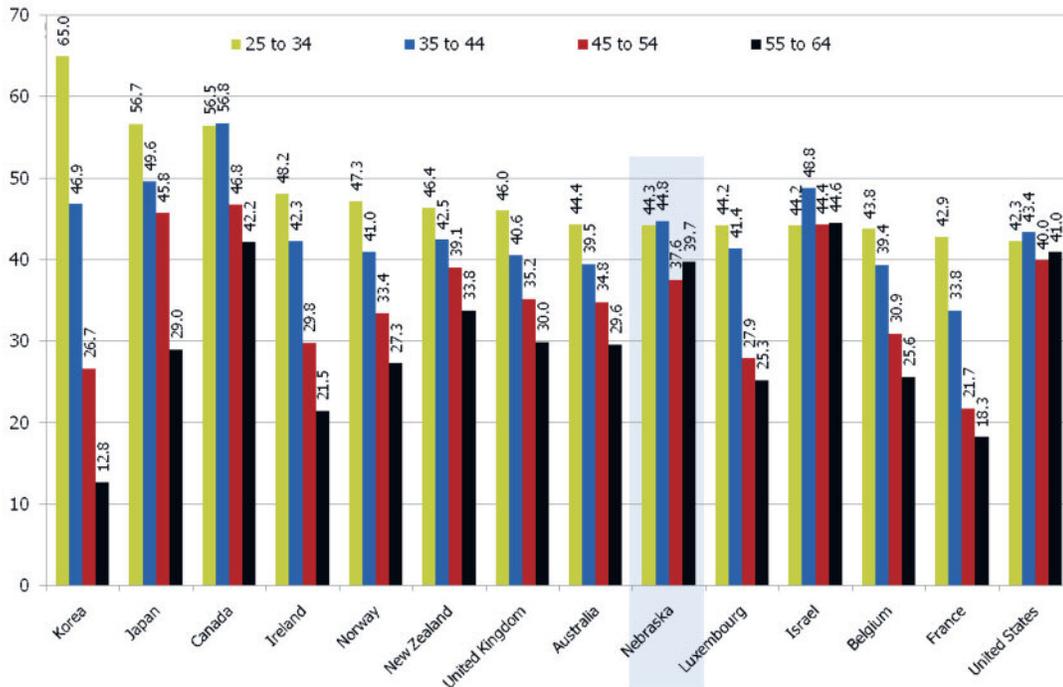
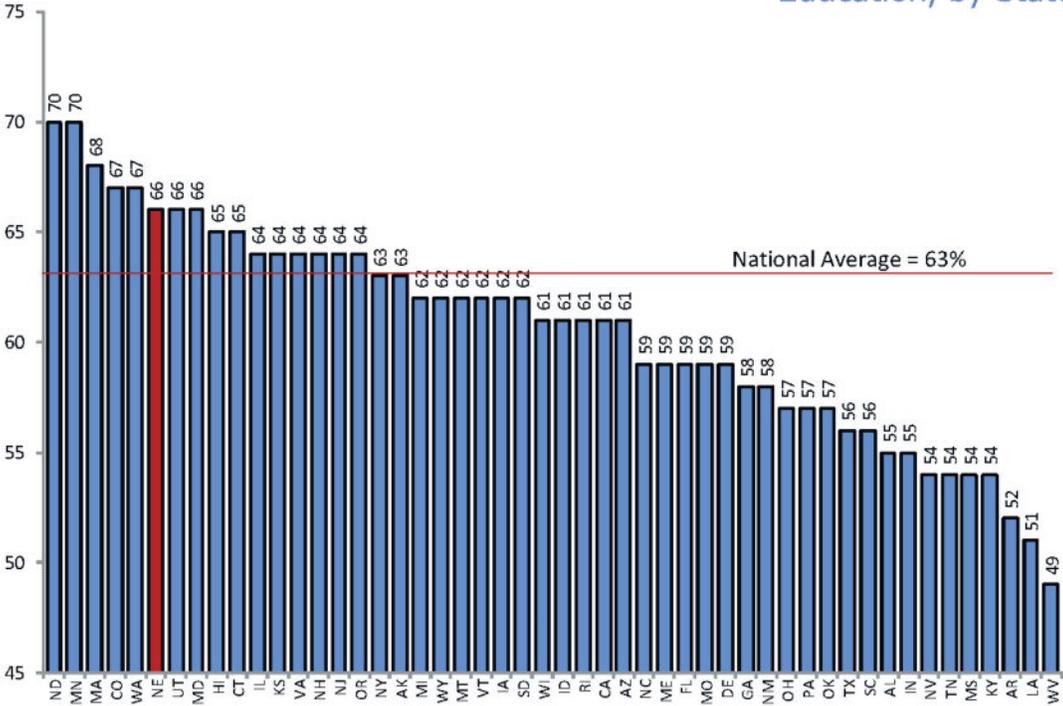


Figure 7

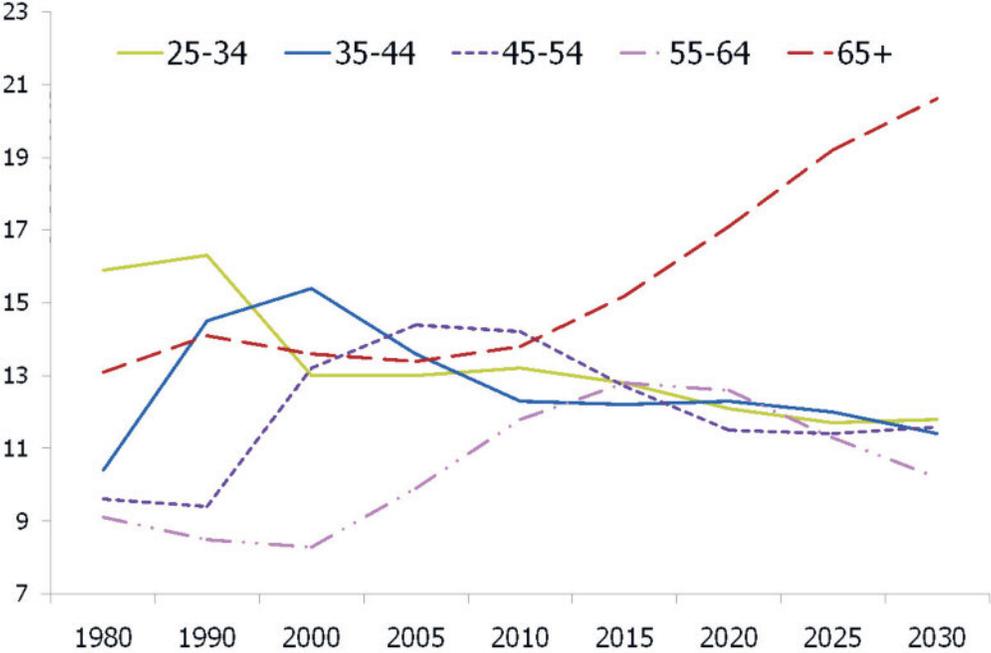
Percentage of Jobs in 2018 that Will Require a Postsecondary Education, by State



Source: Georgetown University Center on Education and the Workforce,

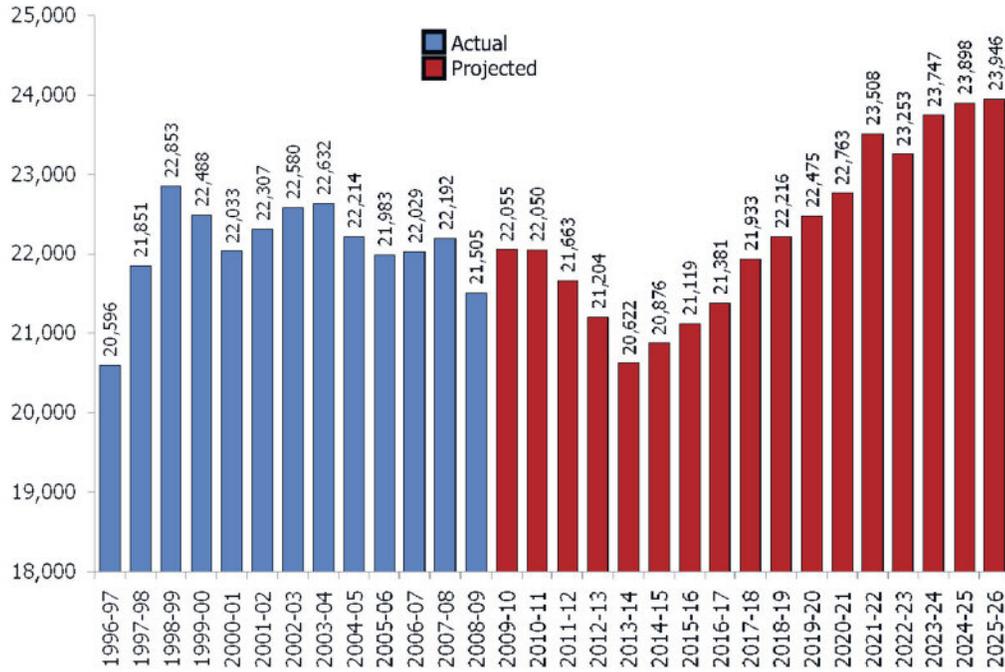
Figure 8

Projected State Populations by Age Category



All High School Graduates, Nebraska, 1996-97 through 2027-28 (actual & projected)

Figure 9



All High School Graduates, Nebraska, 1996-97 through 2027-28 (actual & projected)

Figure 10

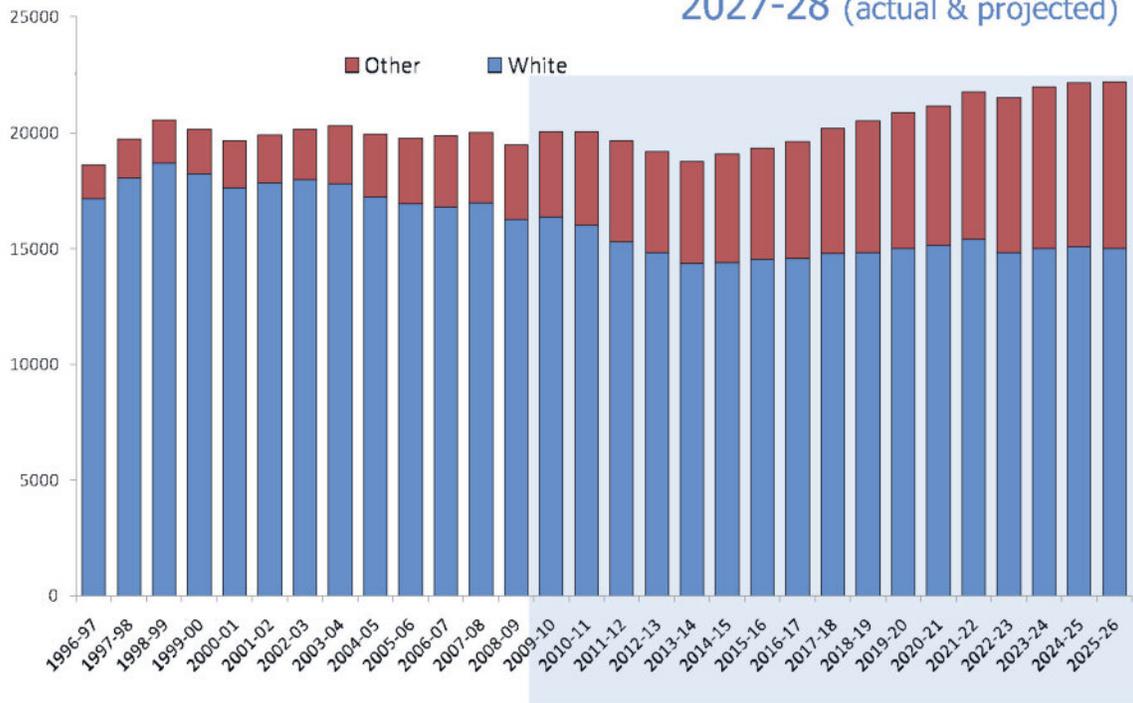
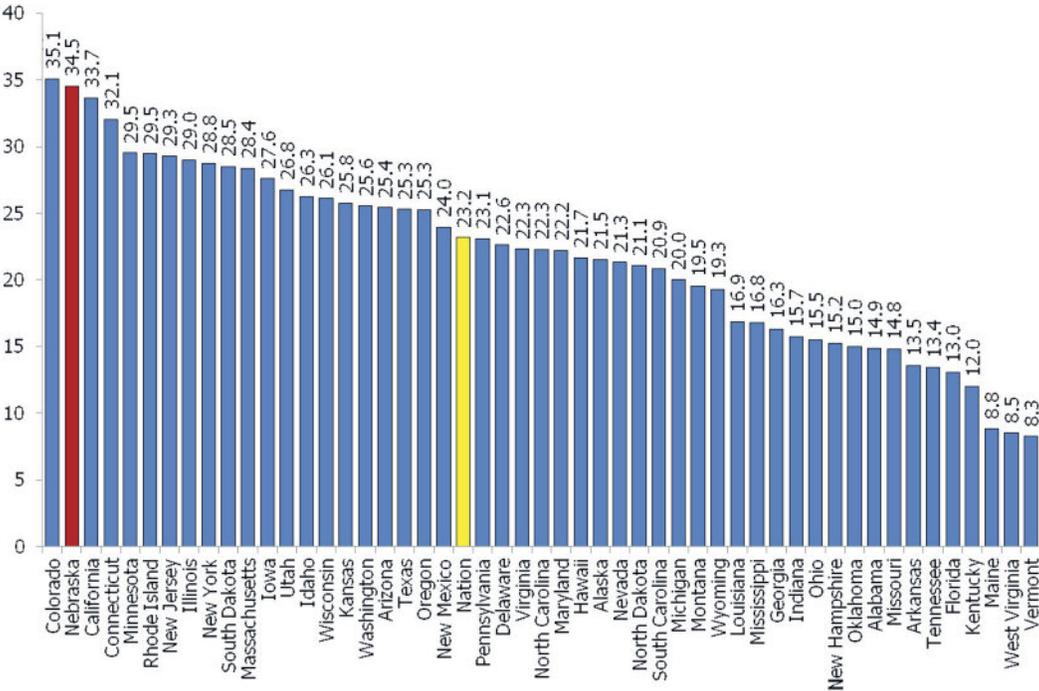


Figure 11

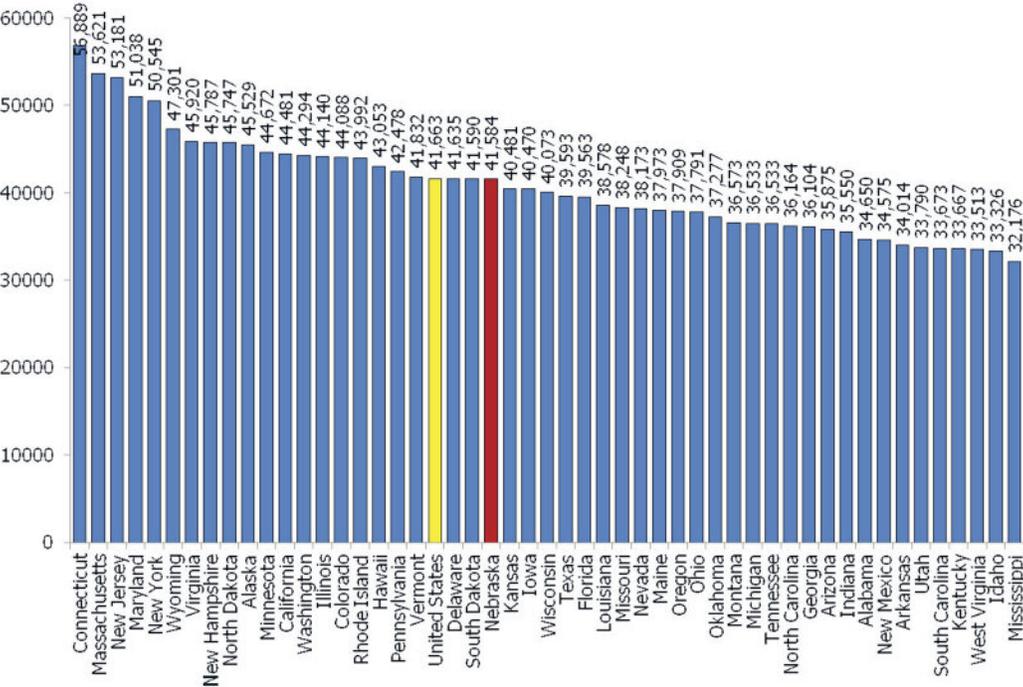
Difference in College Attainment Between Whites and Minorities (Blacks, Hispanics, Native Americans) (2008-10)



Source: U.S. Census Bureau, 2008-10 American Community Survey

Figure 12

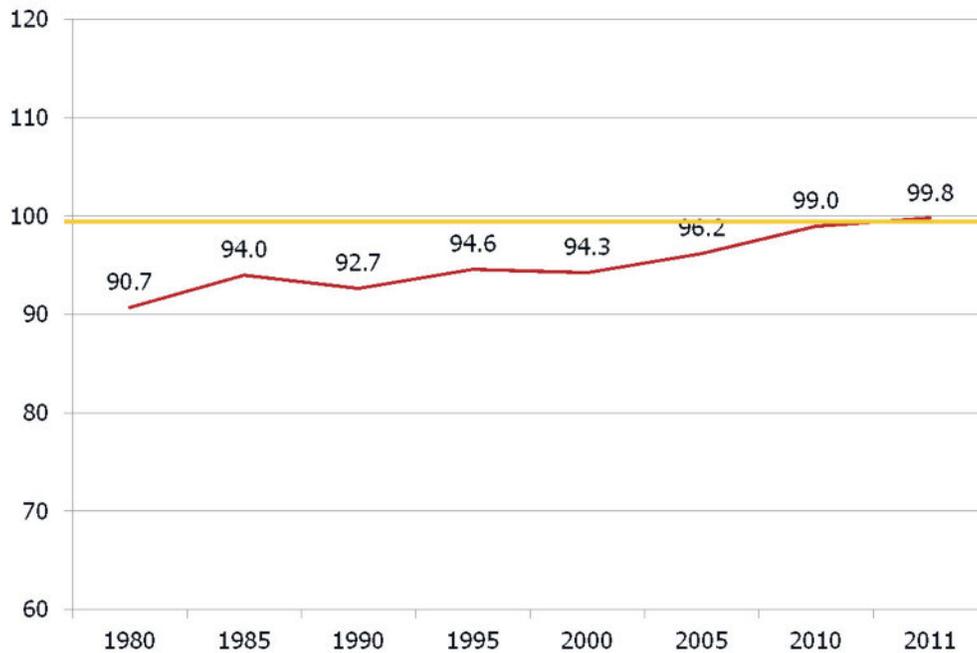
Personal Income per Capita (2011)



Source: U.S. Bureau of Economic Analysis

Figure 13

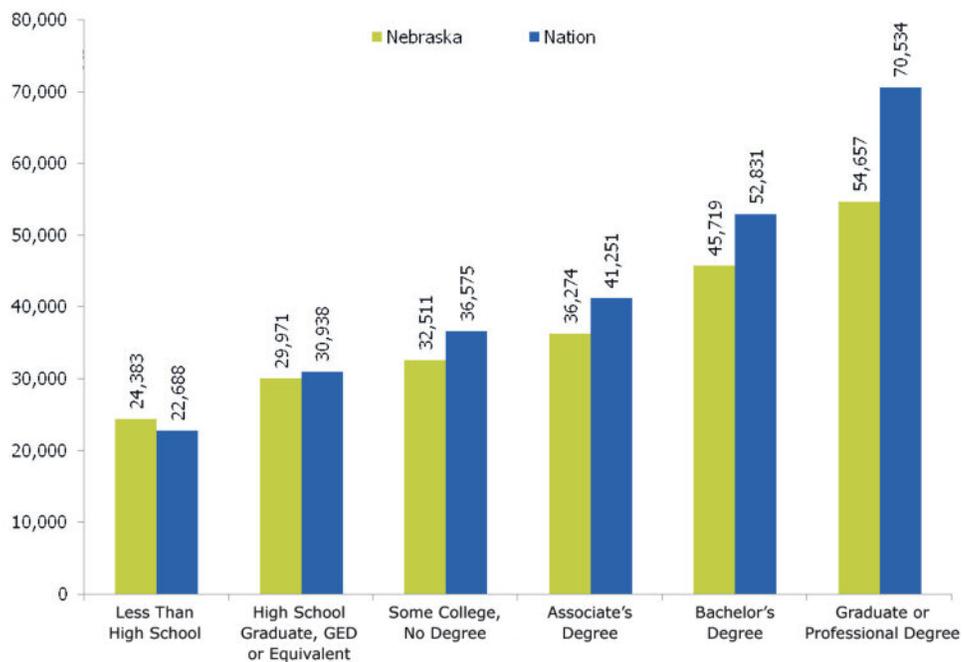
Nebraska Personal Income per Capita as a Percent of the U.S. Average, (1980-2011)



Source: Bureau of Economic Analysis

Figure 14

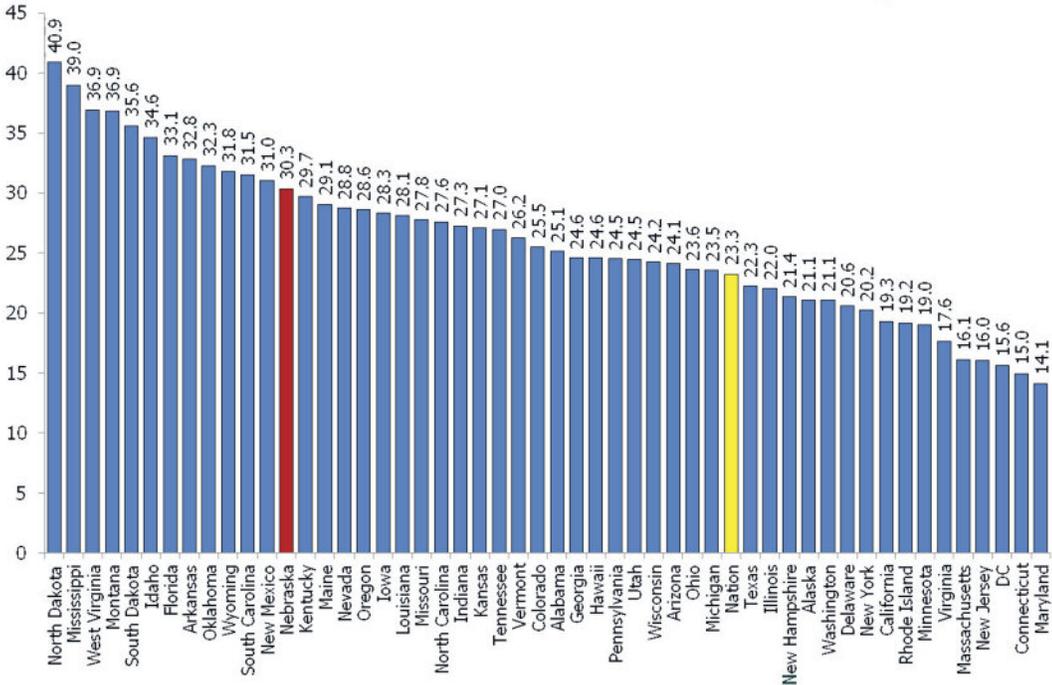
Median Annual Wages for Employed Workers Aged 25 to 64 – by Level of Education (2010)



Source: U.S. Census Bureau, 2010 American Community Survey (Public Use Microdata Samples)

Figure 15

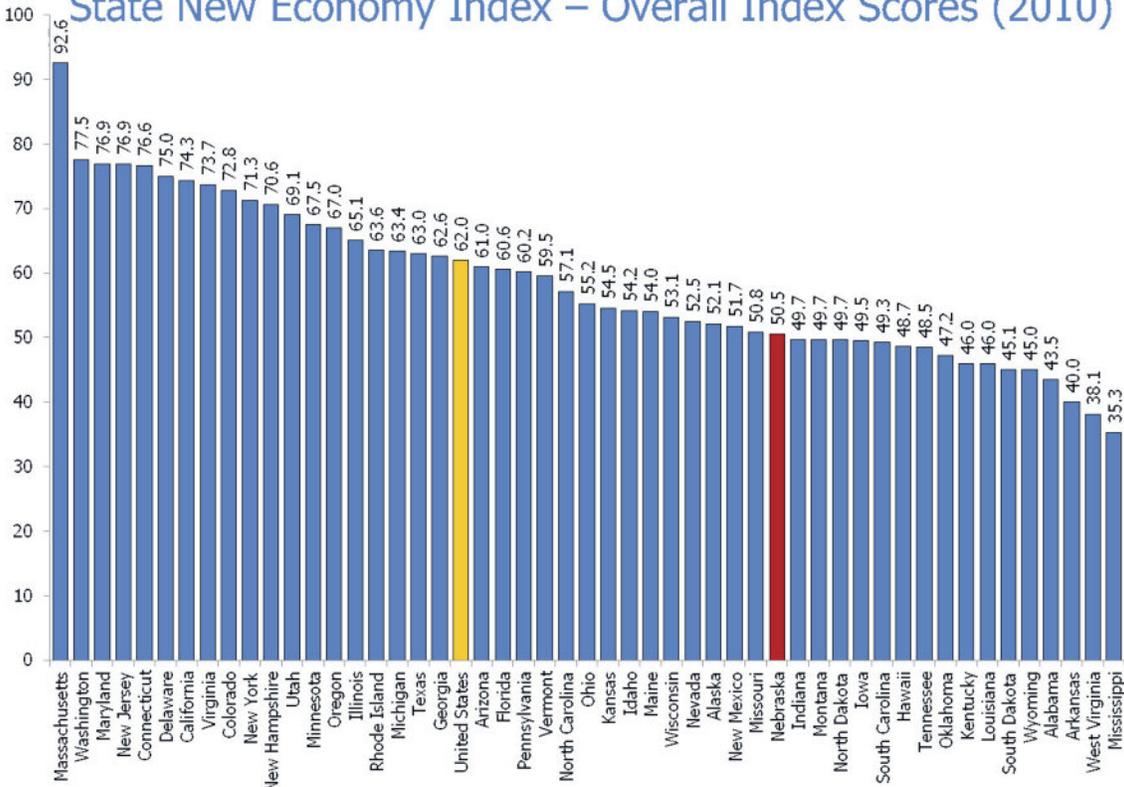
Percent of Workers with College Degrees Earning Low Wages, 2010



Source: U.S. Census Bureau, 2010 American Community Survey One-Year Public Use Microdata Sample File.
 Note: Low Wages Indexed to U.S. Median Wage of Workers with Just a High School Diploma (\$29,221)

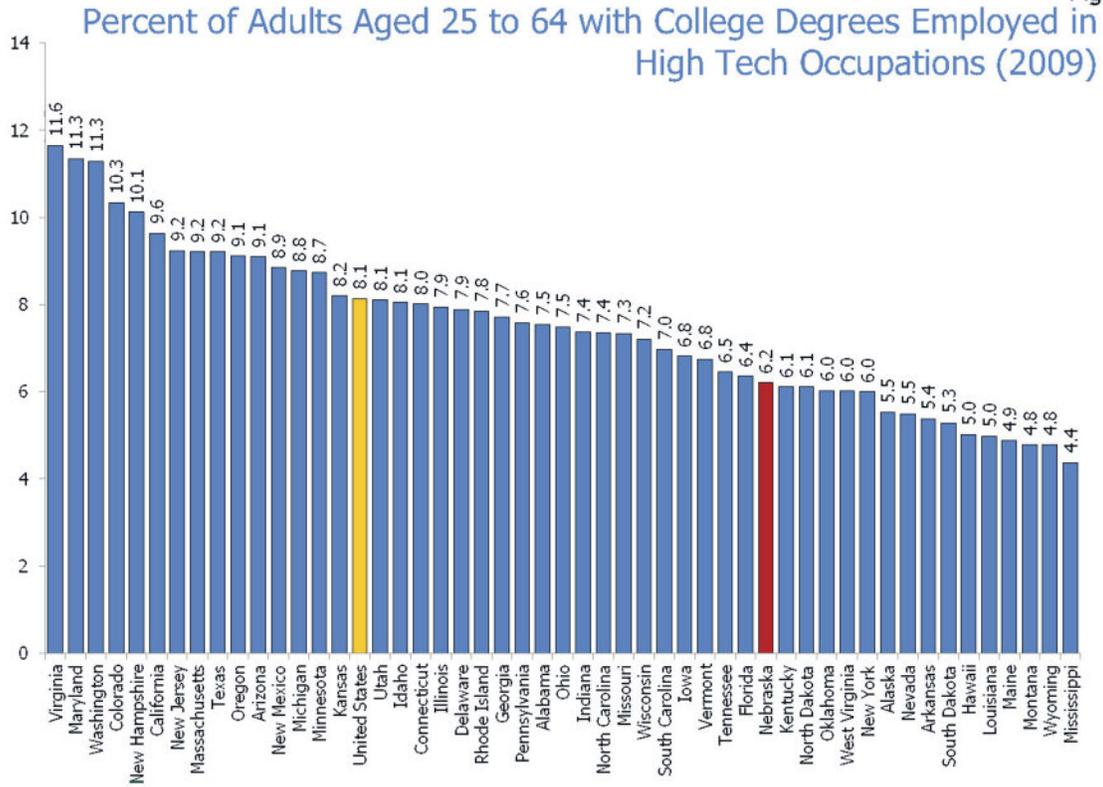
Figure 16

State New Economy Index – Overall Index Scores (2010)



Source: The Kauffman Foundation

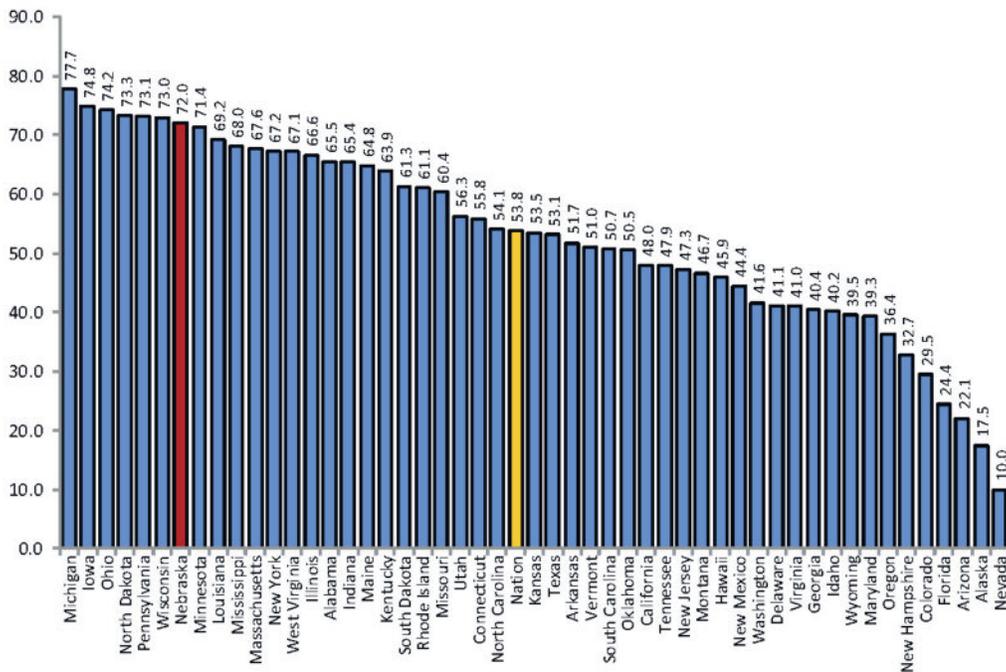
Figure 17



Source: U.S. Census Bureau, 2009 American Community Survey (Public Use Microdata Samples)

Figure 18

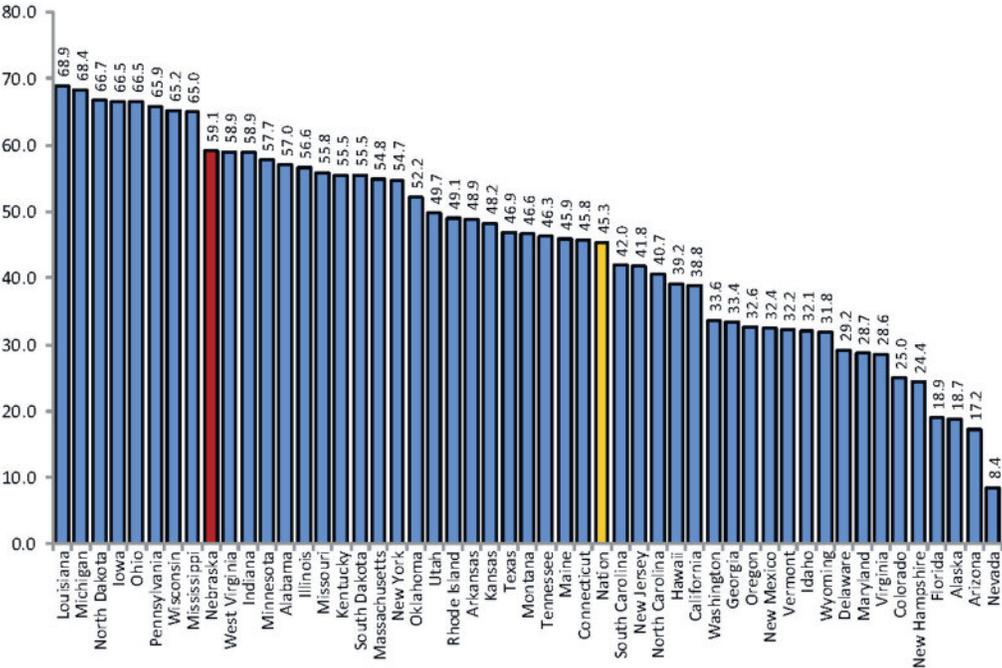
Percent of Population with an Associates Degree Who are State Natives, 2009



Source: U.S. Census Bureau, 2009 American Community Survey (ACS) Public Use Microdata Sample (PUMS) File.

Figure 19

Percent of Population with an Bachelor's Degree who are State Natives, 2009

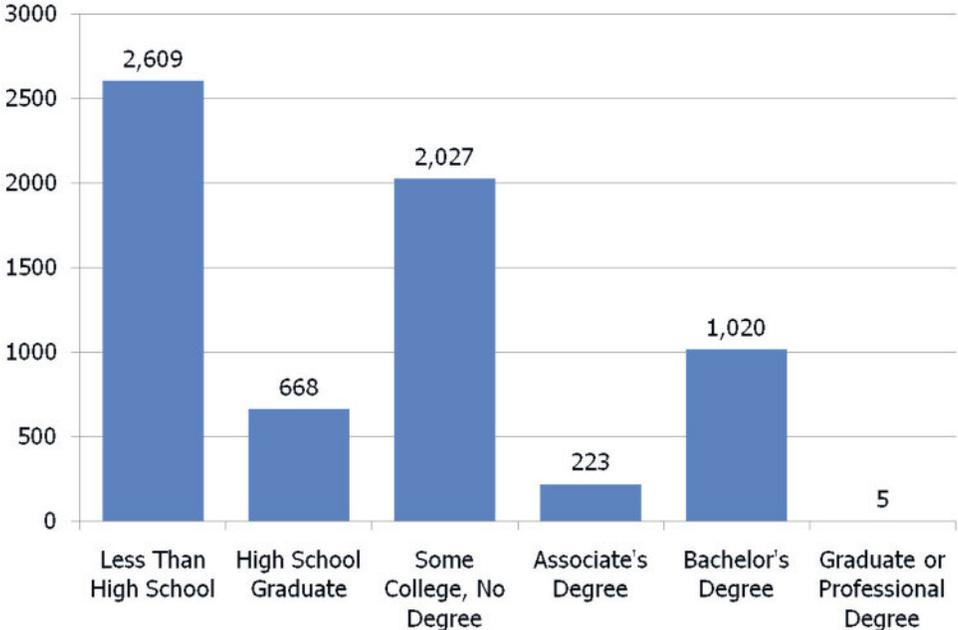


Source: U.S. Census Bureau, 2009 American Community Survey (ACS) Public Use Microdata Sample (PUMS) File.

slide 19

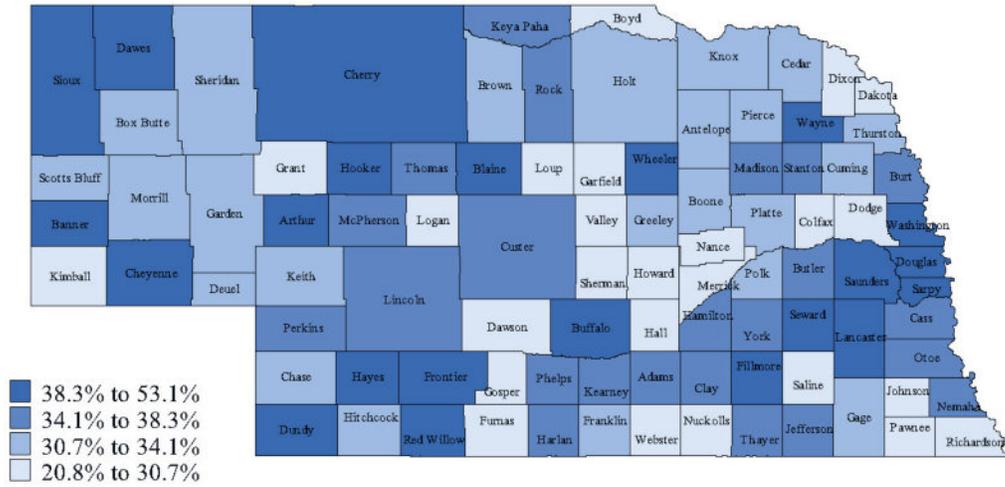
Figure 20

Average Annual Net Migration of 22 to 64 Year Olds by Education Level, 2006-10



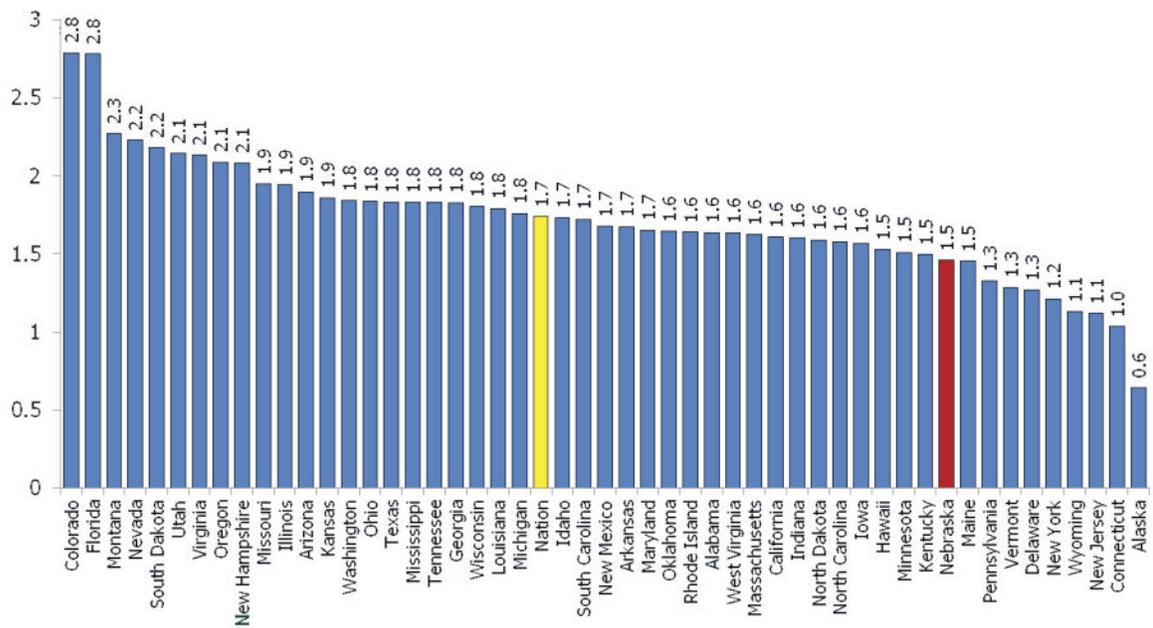
Source: U.S. Census Bureau, 2006-10 American Community Survey (ACS) Public Use Microdata Sample (PUMS) File.

Figure 21
Percent of Population Age 25-64 with at Least an Associates Degree, 2006-10



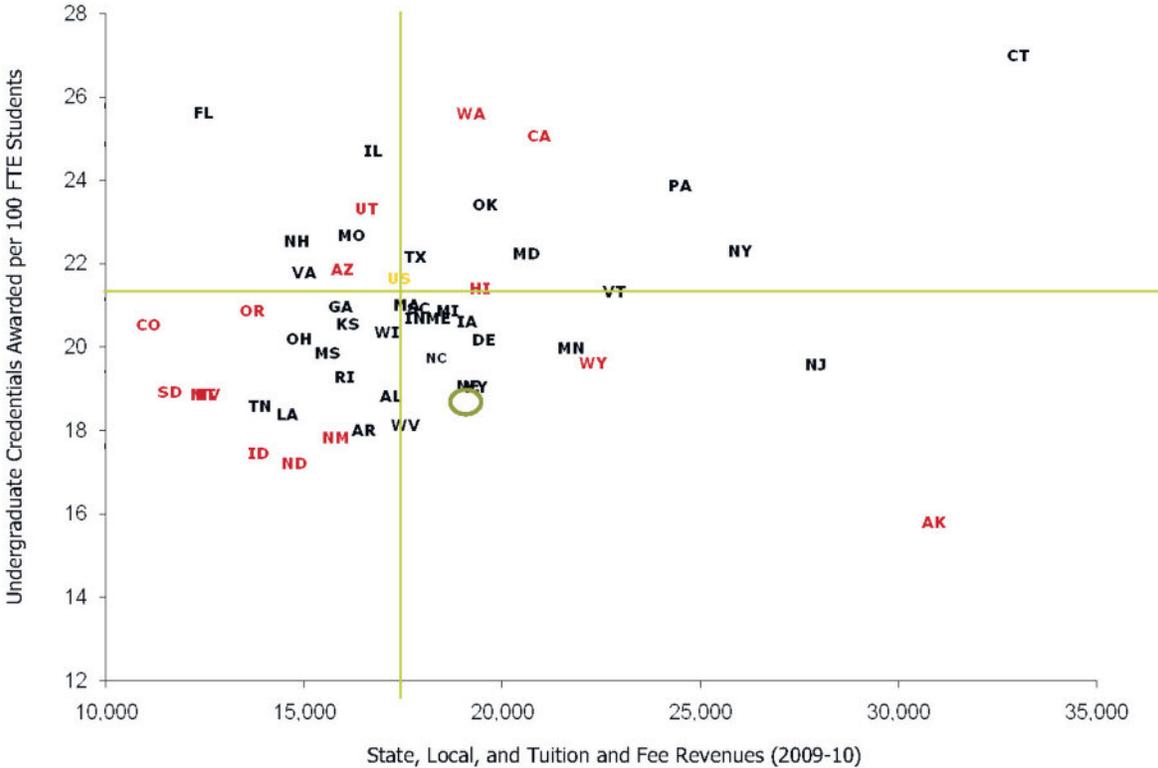
Nebraska = 41.1%
Source: U.S. Census Bureau, 2006-10 American Community Survey.

Figure 22
Awards per \$100,000 of State & Local Appropriations and Tuition & Fees Revenues, 2010, Public Research



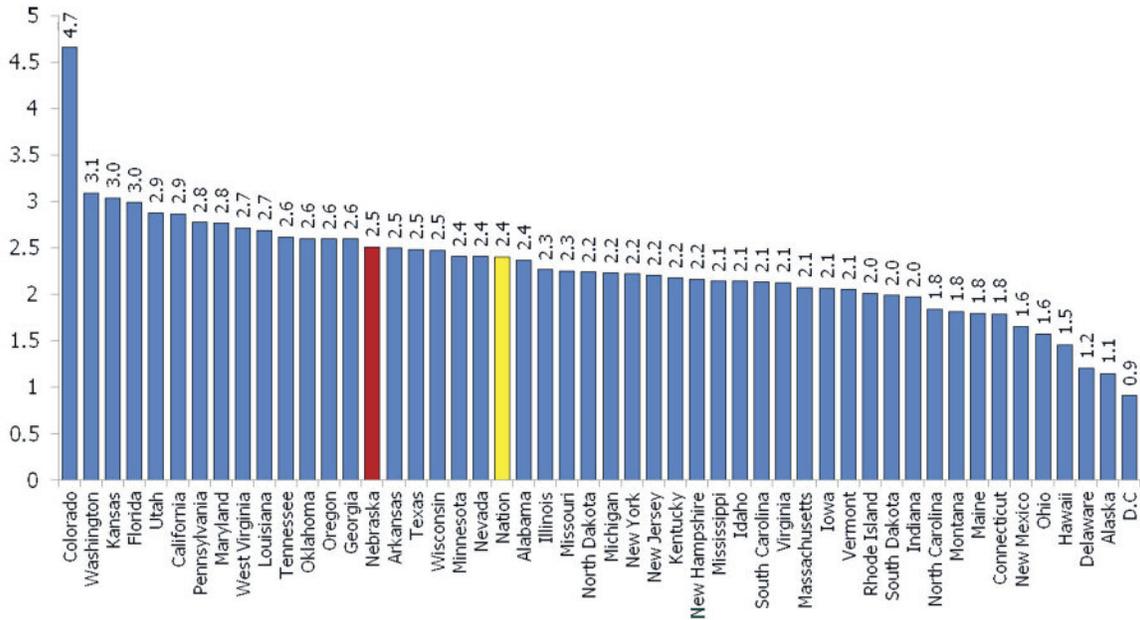
Sources: NCES, IPEDS 2010 Completions File; c2005_a, c2009_a, and c2010_a Final Release Data Files. NCES, IPEDS 2009-10 Finance Files; f0405_f1a, f0405_f2, f0809_f1a, f0809_f2 Final Release Data Files; f0910_f1a, f0910_f2 Early Release Data Files Downloaded 10-11-11. U.S. Census Bureau, 2010 American Community Survey (ACS) Public Use Microdata Sample (PUMS) Files.

Public Research Institutions: Undergraduate Credentials per 100 FTE Undergraduates and Total Funding per FTE Student (2009-10) Figure 23



Sources: NCES, IPEDS Completions, Finance, and Enrollments Surveys.

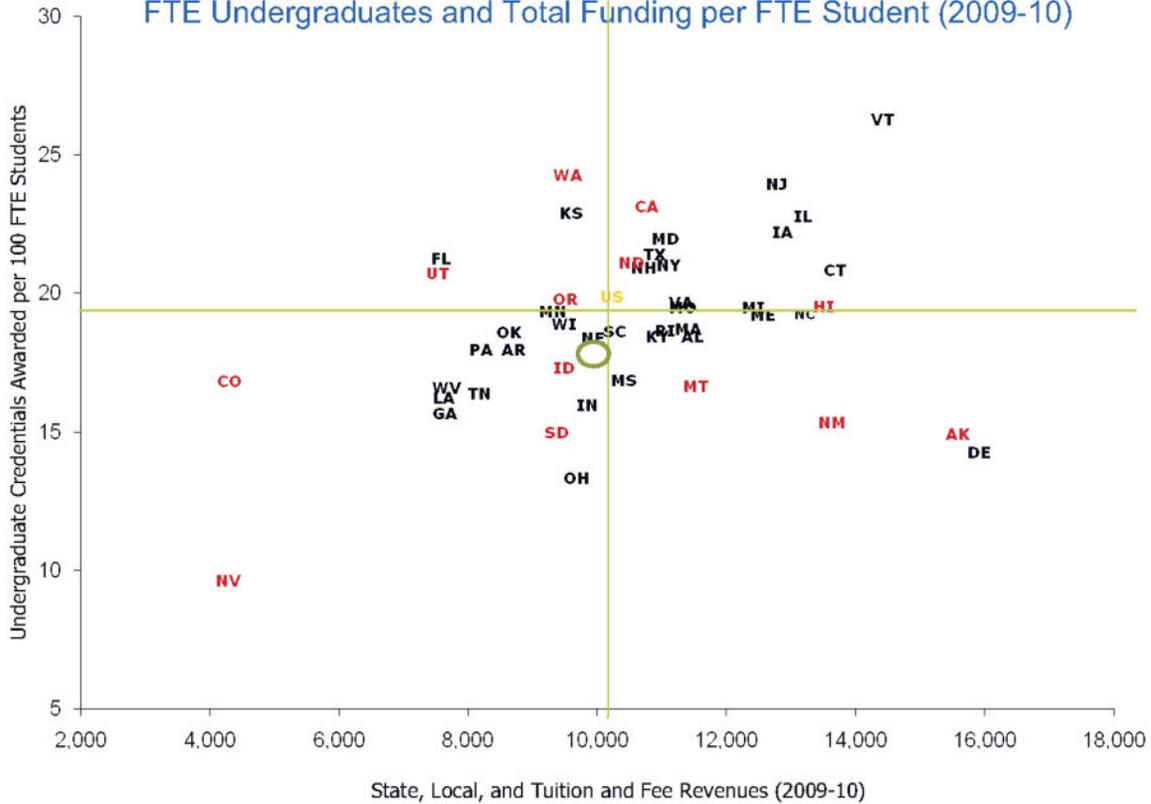
Awards per \$100,000 of State & Local Appropriations and Tuition & Fees Revenues, 2010, Public Bachelors and Masters Figure 24



Sources: NCES, IPEDS 2010 Completions File; c2005_a, c2009_a, and c2010_a Final Release Data Files. NCES, IPEDS 2009-10 Finance Files; f0405_f1a, f0405_f2, f0809_f1a, f0809_f2 Final Release Data Files; f0910_f1a, f0910_f2 Early Release Data Files Downloaded 10-11-11. U.S. Census Bureau, 2010 American Community Survey (ACS) Public Use Microdata Sample (PUMS) Files.

Public Bachelors and Masters Institutions: Undergraduate Credentials per 100 FTE Undergraduates and Total Funding per FTE Student (2009-10)

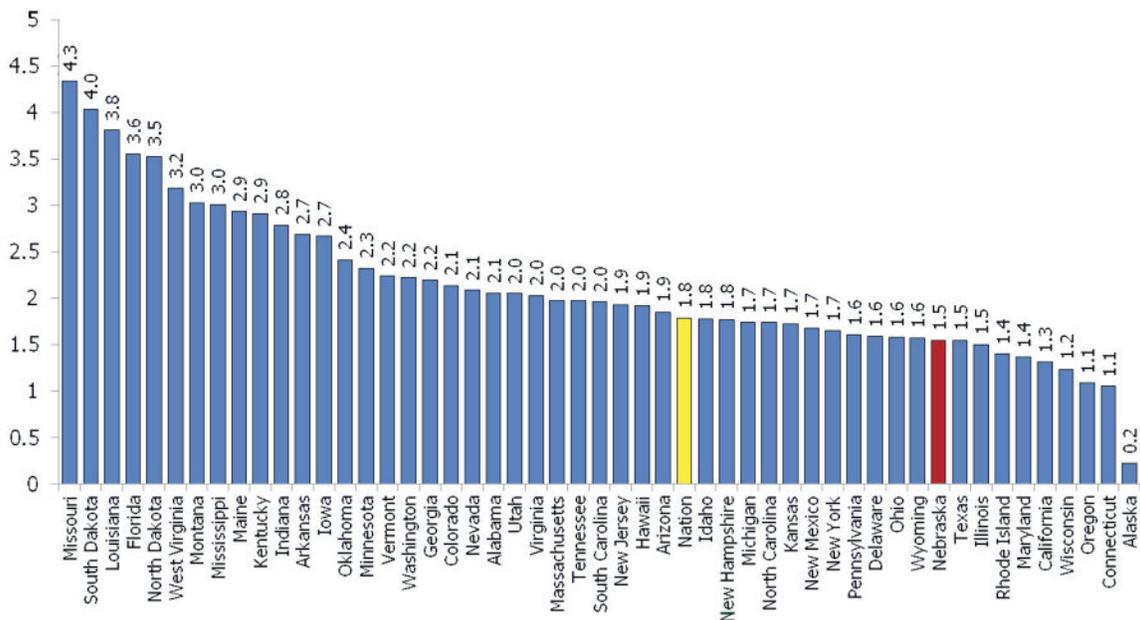
Figure 25



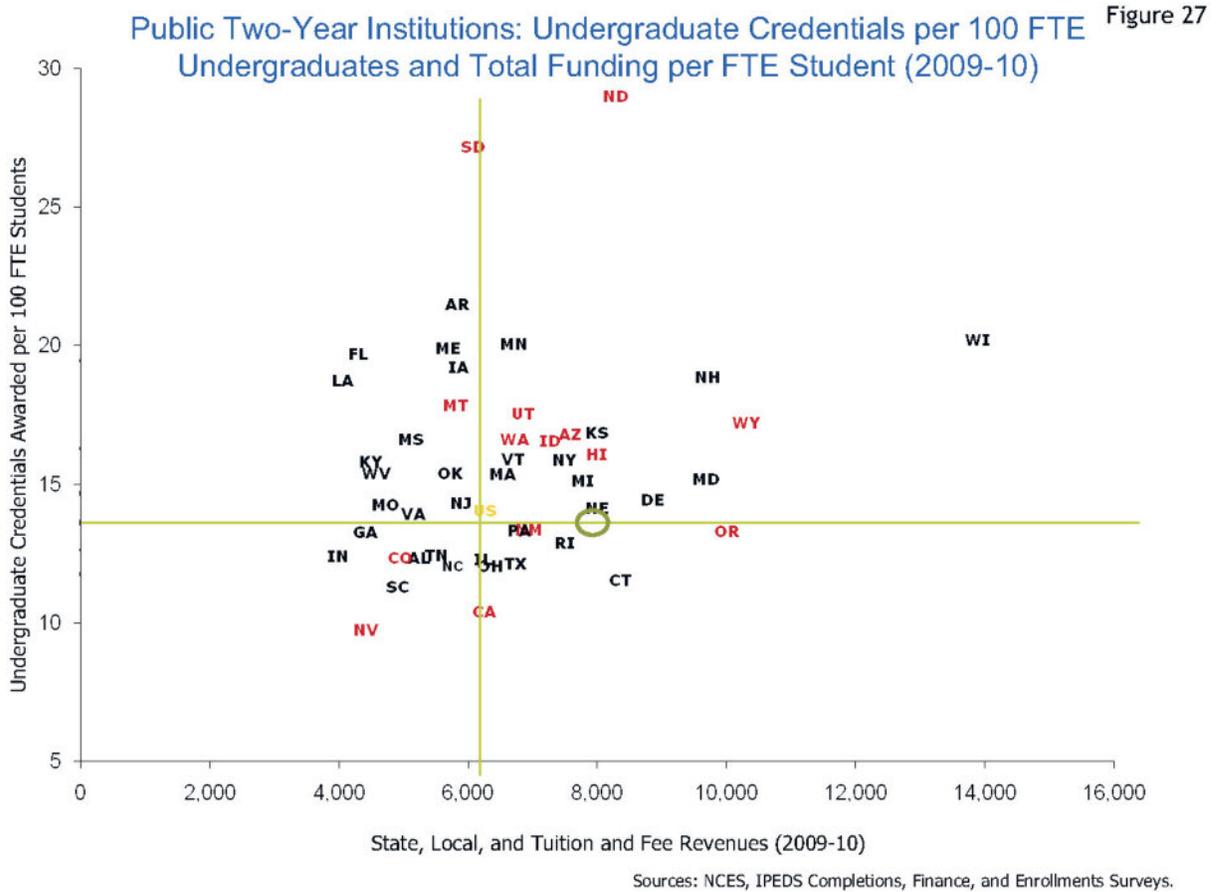
Sources: NCES, IPEDS Completions, Finance, and Enrollments Surveys.

Awards per \$100,000 of State & Local Appropriations and Tuition & Fees Revenues, 2010, Public Two-Year

Figure 26



Sources: NCES, IPEDS 2010 Completions File; c2005_a, c2009_a, and c2010_a Final Release Data Files. NCES, IPEDS 2009-10 Finance Files; f0405_f1a, f0405_f2, f0809_f1a, f0809_f2 Final Release Data Files; f0910_f1a, f0910_f2 Early Release Data Files Downloaded 10-11-11. U.S. Census Bureau, 2010 American Community Survey (ACS) Public Use Microdata Sample (PUMS) Files.



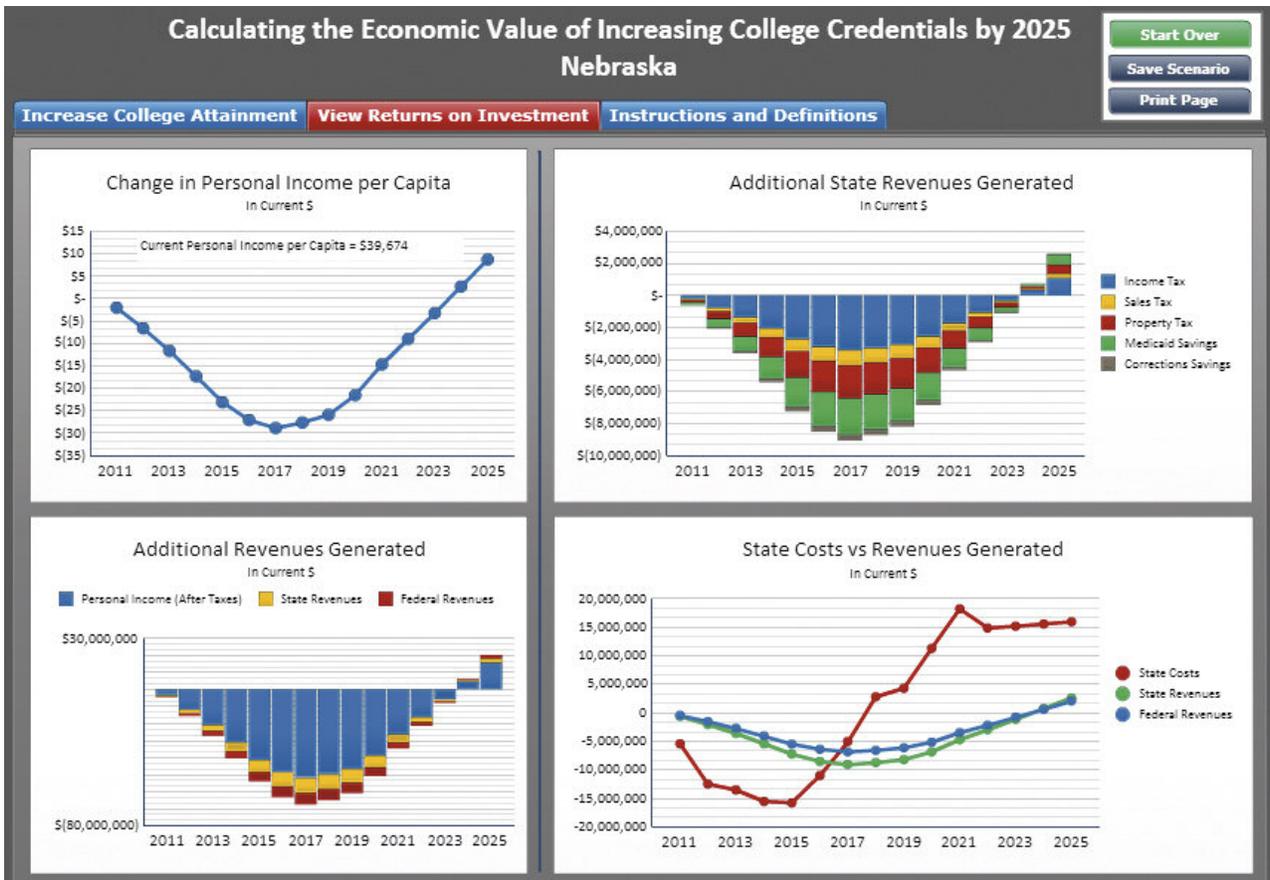
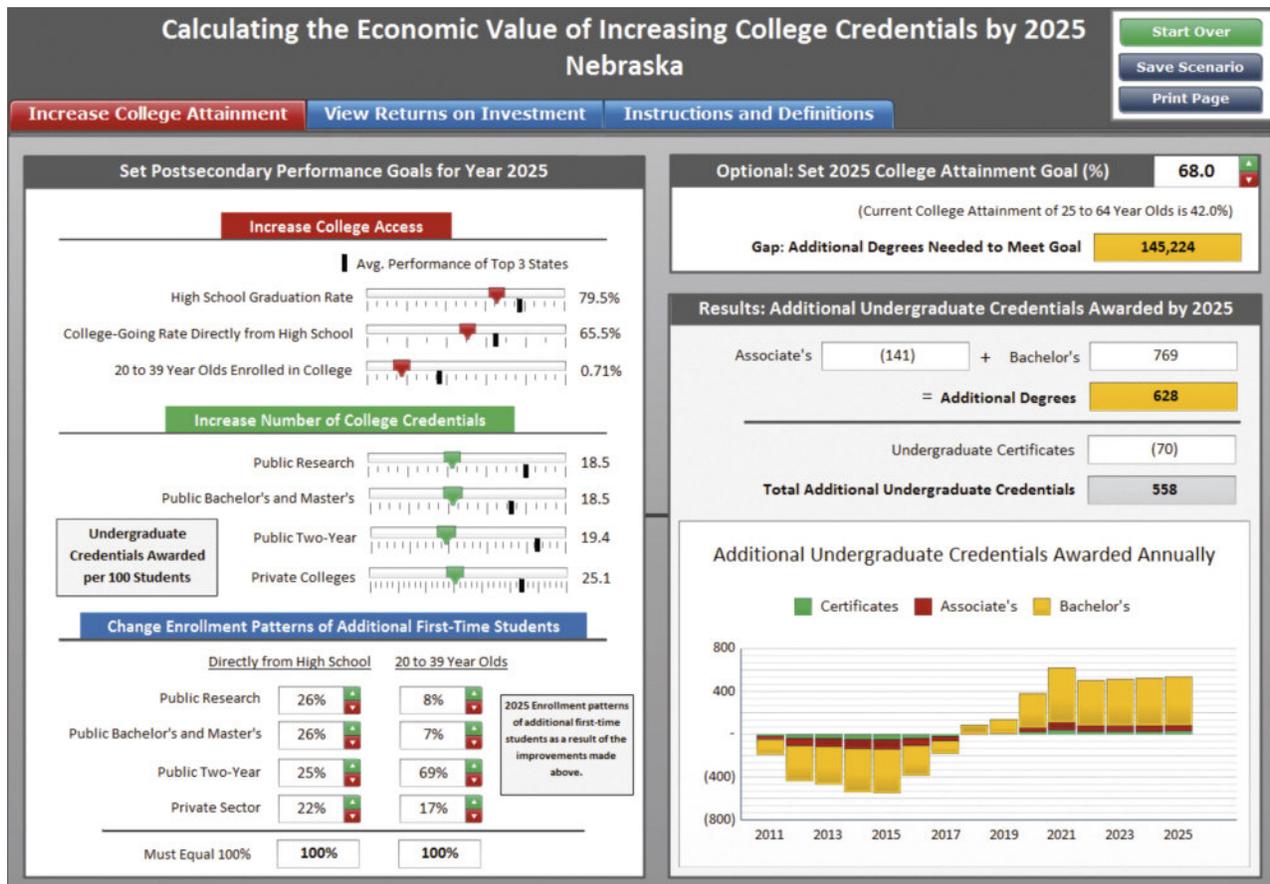
Appendix 2: Steps to Attaining Higher Levels of Education Attainment

Notes:

1. These displays are screen shots of a model designed by NCHEMS to investigate the consequences of alternative policy choices. The model can be found at <http://www.nchems.org/NCHEMSCLASPNebraskaModel.swf>.
2. To orient the reader to these displays, the first of the two displays shows where Nebraska stands now with regard to:
 - High school graduation rates
 - College-going rates of recent high school graduates
 - College-going rates of adults
 - The “throughput” of colleges in each sector – the number of degrees granted relative to the enrollment base

The red and green markers reflect Nebraska’s current level of performance; the black bars on each line represent the level of performance of the top three states.

3. The second display shows the additional costs associated with higher levels of degree production along with the economic benefits – personal income and for the state, increased tax revenues and foregone costs of various social programs, corrections, etc. All figures are specific to Nebraska (i.e. they reflect Nebraska’s tax structure, wage rates, etc.).



Calculating the Economic Value of Increasing College Credentials by 2025 Nebraska

Start Over
Save Scenario
Print Page

Increase College Attainment
View Returns on Investment
Instructions and Definitions

Set Postsecondary Performance Goals for Year 2025

Increase College Access

Avg. Performance of Top 3 States

High School Graduation Rate 86.0%

College-Going Rate Directly from High School 75.0%

20 to 39 Year Olds Enrolled in College 0.71%

Increase Number of College Credentials

Public Research 18.5

Public Bachelor's and Master's 18.5

Public Two-Year 19.4

Private Colleges 25.1

Undergraduate Credentials Awarded per 100 Students

Change Enrollment Patterns of Additional First-Time Students

	Directly from High School	20 to 39 Year Olds
Public Research	26%	8%
Public Bachelor's and Master's	26%	7%
Public Two-Year	25%	69%
Private Sector	22%	17%
Must Equal 100%	100%	100%

Optional: Set 2025 College Attainment Goal (%)

68

(Current College Attainment of 25 to 64 Year Olds is 42.0%)

Gap: Additional Degrees Needed to Meet Goal 145,224

Results: Additional Undergraduate Credentials Awarded by 2025

Associate's 2,972 + Bachelor's 17,095

= Additional Degrees 20,067

Undergraduate Certificates 1,685

Total Additional Undergraduate Credentials 21,752

Additional Undergraduate Credentials Awarded Annually

■ Certificates ■ Associate's ■ Bachelor's

Calculating the Economic Value of Increasing College Credentials by 2025 Nebraska

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Change in Personal Income per Capita

In Current \$

Current Personal Income per Capita = \$39,674

Additional State Revenues Generated

In Current \$

Additional Revenues Generated

In Current \$

State Costs vs Revenues Generated

In Current \$

Calculating the Economic Value of Increasing College Credentials by 2025 Nebraska

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Set Postsecondary Performance Goals for Year 2025

Increase College Access

Avg. Performance of Top 3 States

High School Graduation Rate 86.0%

College-Going Rate Directly from High School 75.0%

20 to 39 Year Olds Enrolled in College 0.71%

Increase Number of College Credentials

Public Research 26.0

Public Bachelor's and Master's 24.4

Public Two-Year 19.4

Private Colleges 37.1

Undergraduate Credentials Awarded per 100 Students

Change Enrollment Patterns of Additional First-Time Students

	Directly from High School	20 to 39 Year Olds
Public Research	26% <input type="range" value="26"/>	8% <input type="range" value="8"/>
Public Bachelor's and Master's	26% <input type="range" value="26"/>	7% <input type="range" value="7"/>
Public Two-Year	25% <input type="range" value="25"/>	69% <input type="range" value="69"/>
Private Sector	22% <input type="range" value="22"/>	17% <input type="range" value="17"/>

Must Equal 100%

2025 Enrollment patterns of additional first-time students as a result of the improvements made above.

Optional: Set 2025 College Attainment Goal (%)

68

(Current College Attainment of 25 to 64 Year Olds is 42.0%)

Gap: Additional Degrees Needed to Meet Goal 145,224

Results: Additional Undergraduate Credentials Awarded by 2025

Associate's + Bachelor's

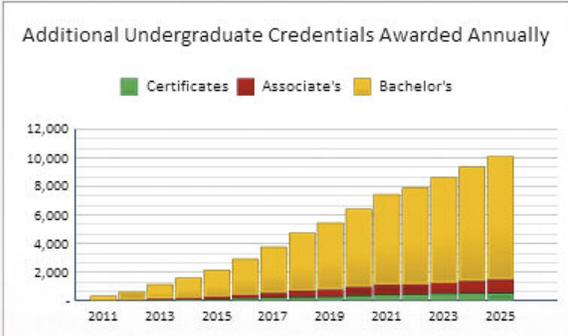
= Additional Degrees 68,593

Undergraduate Certificates

Total Additional Undergraduate Credentials 72,588

Additional Undergraduate Credentials Awarded Annually

■ Certificates ■ Associate's ■ Bachelor's



Calculating the Economic Value of Increasing College Credentials by 2025 Nebraska

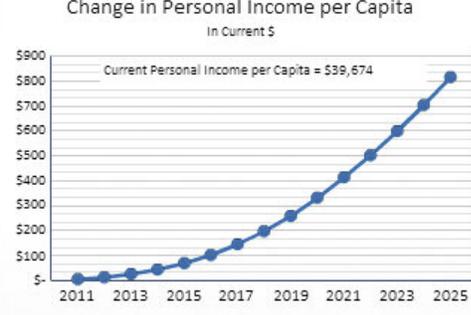
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Change in Personal Income per Capita

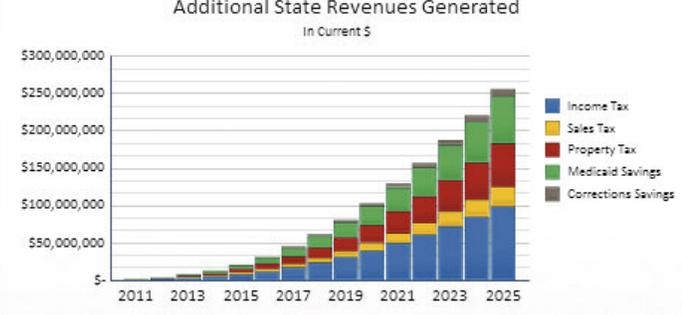
In Current \$

Current Personal Income per Capita = 539,674



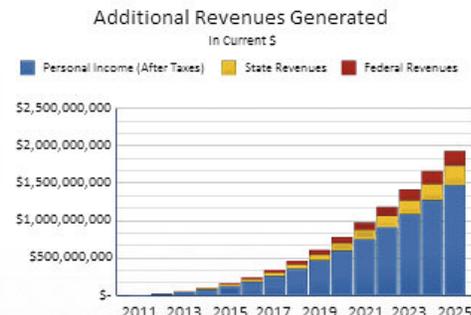
Additional State Revenues Generated

In Current \$



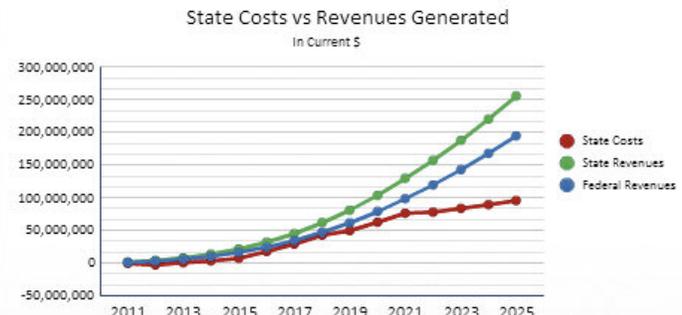
Additional Revenues Generated

In Current \$



State Costs vs Revenues Generated

In Current \$



Calculating the Economic Value of Increasing College Credentials by 2025 Nebraska

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Set Postsecondary Performance Goals for Year 2025

Increase College Access

Avg. Performance of Top 3 States

High School Graduation Rate 86.0%

College-Going Rate Directly from High School 75.0%

20 to 39 Year Olds Enrolled in College 0.71%

Increase Number of College Credentials

Public Research 26.0

Public Bachelor's and Master's 24.4

Public Two-Year 42.9

Private Colleges 37.1

Undergraduate Credentials Awarded per 100 Students

Change Enrollment Patterns of Additional First-Time Students

	Directly from High School	20 to 39 Year Olds
Public Research	26% ▲▼	8% ▲▼
Public Bachelor's and Master's	26% ▲▼	7% ▲▼
Public Two-Year	25% ▲▼	69% ▲▼
Private Sector	22% ▲▼	17% ▲▼

Must Equal 100% 100% 100%

2025 Enrollment patterns of additional first-time students as a result of the improvements made above.

Optional: Set 2025 College Attainment Goal (%)

68.0 ▲▼

(Current College Attainment of 25 to 64 Year Olds is 42.0%)

Gap: Additional Degrees Needed to Meet Goal 145,224

Results: Additional Undergraduate Credentials Awarded by 2025

Associate's	46,581	+	Bachelor's	62,224
= Additional Degrees				
108,805				
Undergraduate Certificates				
24,934				
Total Additional Undergraduate Credentials				
133,740				

Additional Undergraduate Credentials Awarded Annually

Certificates Associate's Bachelor's

Calculating the Economic Value of Increasing College Credentials by 2025 Nebraska

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Change in Personal Income per Capita

In Current \$

Current Personal Income per Capita = 539,674

Additional State Revenues Generated

In Current \$

Additional Revenues Generated

In Current \$

State Costs vs Revenues Generated

In Current \$

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Set Postsecondary Performance Goals for Year 2025

Increase College Access

Avg. Performance of Top 3 States

High School Graduation Rate 86.0%

College-Going Rate Directly from High School 75.0%

20 to 39 Year Olds Enrolled in College 1.00%

Increase Number of College Credentials

Public Research 26.0

Public Bachelor's and Master's 24.4

Public Two-Year 42.9

Private Colleges 37.1

Undergraduate Credentials Awarded per 100 Students

Change Enrollment Patterns of Additional First-Time Students

	Directly from High School	20 to 39 Year Olds
Public Research	<input type="range" value="26%"/> 26%	<input type="range" value="8%"/> 8%
Public Bachelor's and Master's	<input type="range" value="26%"/> 26%	<input type="range" value="7%"/> 7%
Public Two-Year	<input type="range" value="25%"/> 25%	<input type="range" value="69%"/> 69%
Private Sector	<input type="range" value="22%"/> 22%	<input type="range" value="17%"/> 17%

Must Equal 100% 100% 100%

Optional: Set 2025 College Attainment Goal (%)

(Current College Attainment of 25 to 64 Year Olds is 42.0%)

Gap: Additional Degrees Needed to Meet Goal 145,224

Results: Additional Undergraduate Credentials Awarded by 2025

Associate's + Bachelor's

= Additional Degrees 117,024

Undergraduate Certificates

Total Additional Undergraduate Credentials 144,441

Additional Undergraduate Credentials Awarded Annually

■ Certificates ■ Associate's ■ Bachelor's

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Additional State Revenues Generated

In Current \$

Additional Revenues Generated

In Current \$

State Costs vs Revenues Generated

In Current \$

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Set Postsecondary Performance Goals for Year 2025

Increase College Access

Avg. Performance of Top 3 States

High School Graduation Rate 83.0%

College-Going Rate Directly from High School 75.0%

20 to 39 Year Olds Enrolled in College 3.20%

Increase Number of College Credentials

Public Research 22.0

Public Bachelor's and Master's 21.2

Public Two-Year 31.8

Private Colleges 30.1

Undergraduate Credentials Awarded per 100 Students

Change Enrollment Patterns of Additional First-Time Students

	Directly from High School	20 to 39 Year Olds
Public Research	26%	8%
Public Bachelor's and Master's	26%	7%
Public Two-Year	25%	69%
Private Sector	22%	17%

Must Equal 100% 100% 100%

2025 Enrollment patterns of additional first-time students as a result of the improvements made above.

Optional: Set 2025 College Attainment Goal (%) 68.0

(Current College Attainment of 25 to 64 Year Olds is 42.0%)

Gap: Additional Degrees Needed to Meet Goal 145,224

Results: Additional Undergraduate Credentials Awarded by 2025

Associate's 56,182 + Bachelor's 59,941

= Additional Degrees 116,123

Undergraduate Certificates 29,971

Total Additional Undergraduate Credentials 146,094

Additional Undergraduate Credentials Awarded Annually

■ Certificates ■ Associate's ■ Bachelor's

Calculating the Economic Value of Increasing College Credentials by 2025 Nebraska

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Change in Personal Income per Capita

In Current \$

Current Personal Income per Capita = \$39,674

Additional State Revenues Generated

In Current \$

Additional Revenues Generated

In Current \$

State Costs vs Revenues Generated

In Current \$



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The Platte Institute for Economic Research: Leading the Way

Our Mission: Advance public policy alternatives that foster limited government, personal responsibility and free enterprise in Nebraska. By conducting vital research and publishing timely reports, briefings, and other material, the Platte Institute will assist policy makers, the media and the general public in gaining insight to time-proven free market ideas.

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Gail Werner-Robertson

Director and prominent Omaha businesswoman and philanthropist.



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Director and noted north-central Nebraska lawyer and water resources activist. He has practiced throughout Nebraska and South Dakota and has represented the Niobrara Council since its creation.



Michael Groene

Director and farm equipment sales representative. He is co-founder of the Western Nebraska Taxpayers Association.



Travis Hiner

Former president and chairman of Hiner Implement, Inc., and president/chairman of Hiner Lease Company. He has served as a board member of the Kosman Banking Family since 1990 (now Platte Valley Companies).



Jeff Dinklage

Owner and operator of Herman Dinklage, Inc. A 4th-generation cattle feeder, he served on the Nebraska Cattle Board for four years and was a bank director for 20 years. He is also an avid Husker fan and enjoys flying.



Jason Dworak

Leader of a Private Wealth Team with UBS Financial Services. He served on the board of Lincoln City Mission, Christian Heritage Children's Homes, Lincoln Christian School and Leadership Resources.

Kyle Hanson

General counsel for The Buckle Inc., Kearney since 1998. She served as first vice president and trial attorney for the Mutual of Omaha Companies and as an attorney at Kutak Rock law firm, Omaha. She is on the boards of Faith Christian School and Kearney Area Family YMCA.



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