

State and National context on higher education governance: Presentation to Legislative Task Force to Study the Realignment of Higher Education

Arkansas Department of Higher Education

Dr. Brett Powell, Director

January 20, 2016

Today's presentation to the Legislative Task Force to Study the Realignment of Higher Education is intended to provide state and national context to support the objectives of the task force. Those objectives, as they have been stated in the enabling legislation and by the task force chair, include:

- Examining the potential for efficiencies in Arkansas higher education in light of any identified redundancies
- Determine methods for improving efficiencies through cost-saving mechanisms
- Improving accountability to the General Assembly

In light of these objectives, the presentation is organized around the financial and governance contexts which should be considered in addressing the desired improvements in efficiency and effectiveness of Arkansas higher education. The following is an outline and summary of the presentation:

- Expense data: An examination of resource allocation decisions for Arkansas institutions in comparison to other states. Existing research shows that these decisions can have a direct impact on the effectiveness of institutions, as measured by student retention and graduation rates. One significant factor in resource allocation is institution size, with smaller institutions exhibiting dis-economies of scale.
- Revenue data: The two primary sources of operating revenues for most public institutions are state appropriations and tuition and fees. The proportion of cost born by either the state or the student can impact affordability and, ultimately, student success rates.
- Governance structures: The Education Commission of the States has collected information on the governance structures of higher education in all 50 states. Though the information is now a bit dated, it does shed light on the complexity of determining an appropriate governance model.
- Other State Activities: Arkansas, of course, is not the only state where changes in governance structures are being considered or, in some cases, have already occurred. Examining these other changes could shed light on considerations in our state or may demonstrate that changes are highly dependent on state context and are be readily transferrable from state to state.
- Consortial arrangements: Institutions have a history of using consortia as a method to reduce costs and/or improve student outcomes. These arrangements are one alternative to governance changes that can be used to achieve the objectives of the task force.

STATE AND NATIONAL CONTEXT ON HIGHER
EDUCATION GOVERNANCE:

PRESENTATION TO LEGISLATIVE TASK FORCE TO
STUDY THE REALIGNMENT OF HIGHER EDUCATION

Arkansas Department of
Higher Education



TASK FORCE PURPOSE

25 (d) The purpose of the task force is to:

26 (1) Study the advantages and disadvantages of realigning state-
27 supported institutions of higher education;

28 (2) Identify current redundancies that exist with the current
29 structure of higher education in Arkansas;

30 (3) Determine what mechanisms are currently available or could
31 be available to provide cost savings to state-supported institutions of
32 higher education and to students;

33 (4) Improve accountability to and communications with the
34 General Assembly; and

35 (5) Review the structure of higher education systems in other
36 states, identifying those states with efficient and successful systems.

PRESENTATION OUTLINE

Expense Data: Arkansas and US

Revenue and Affordability: Arkansas and US

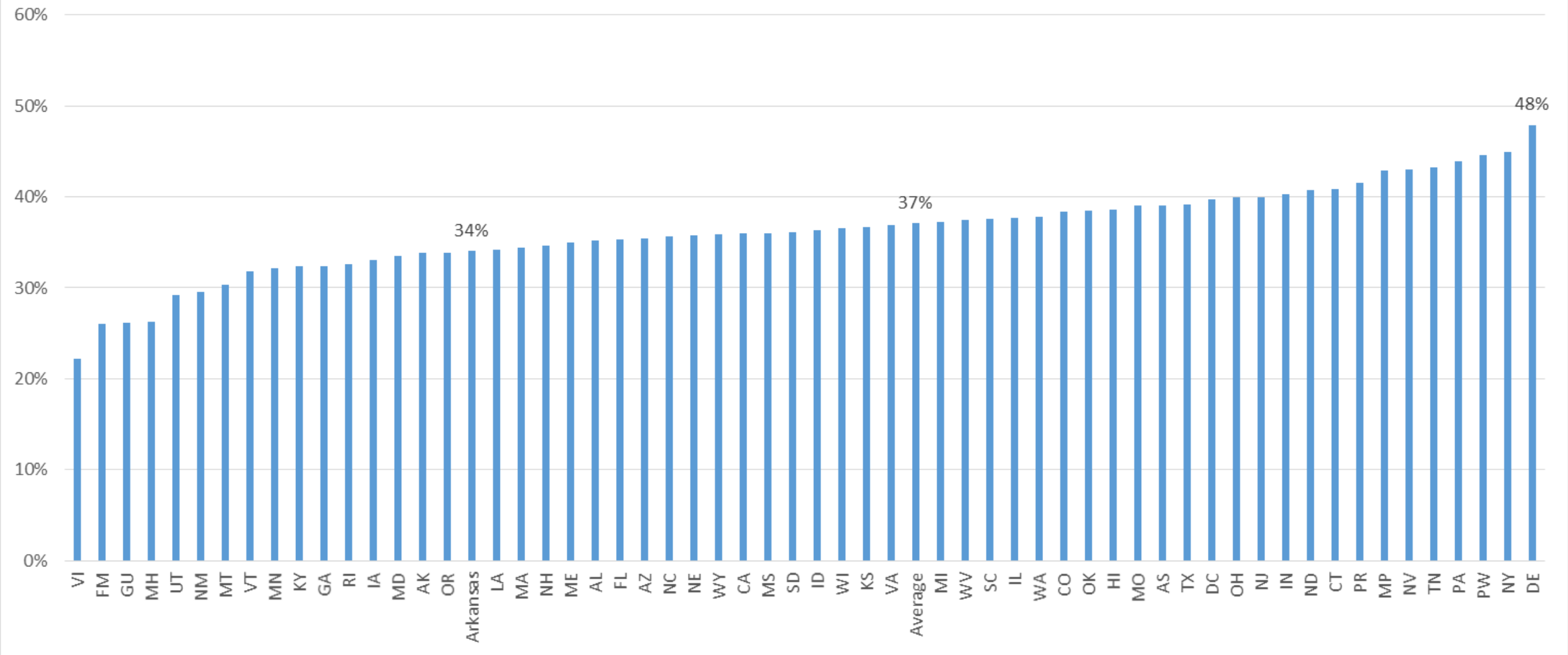
Governance Structures Across States

Activity in Other States

Consortia and Governance

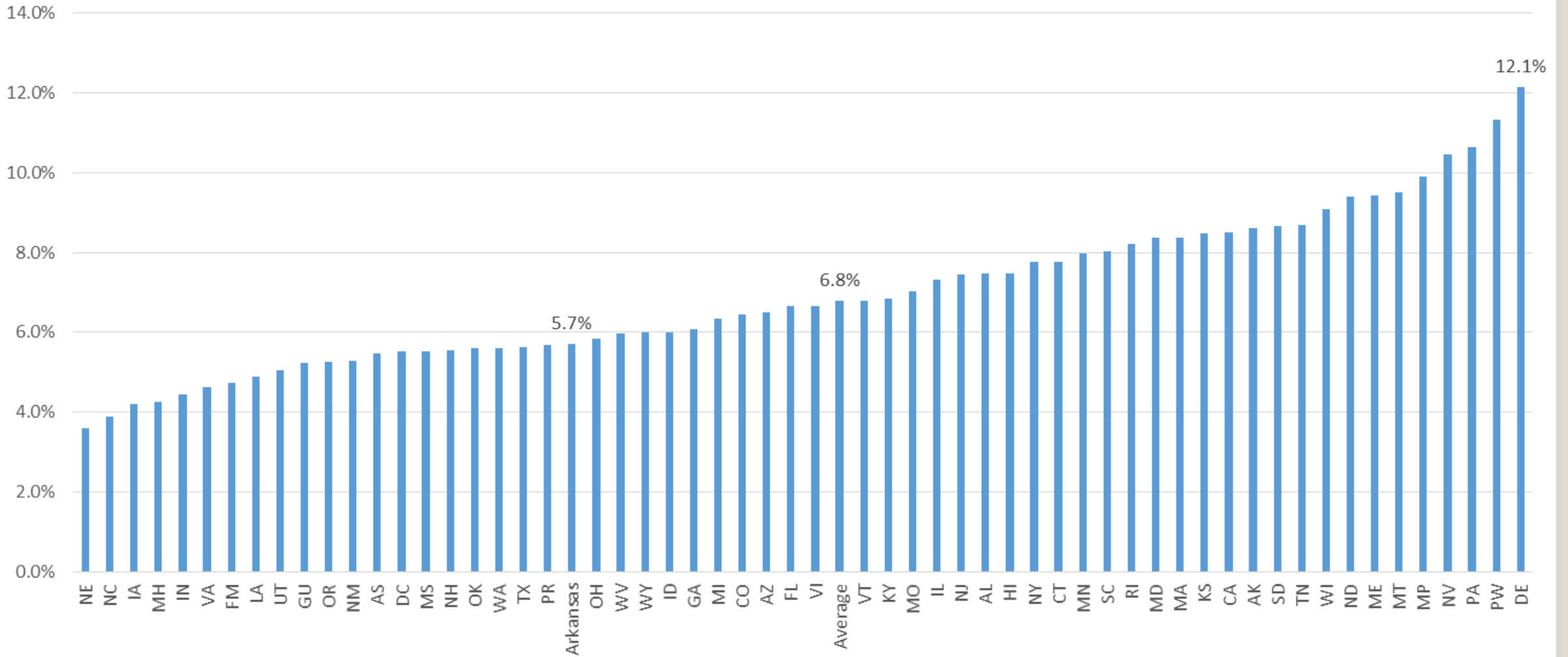
EXPENSE DATA: ARKANSAS AND US

Instruction Expenses as a Percentage of Modified Total Expenses



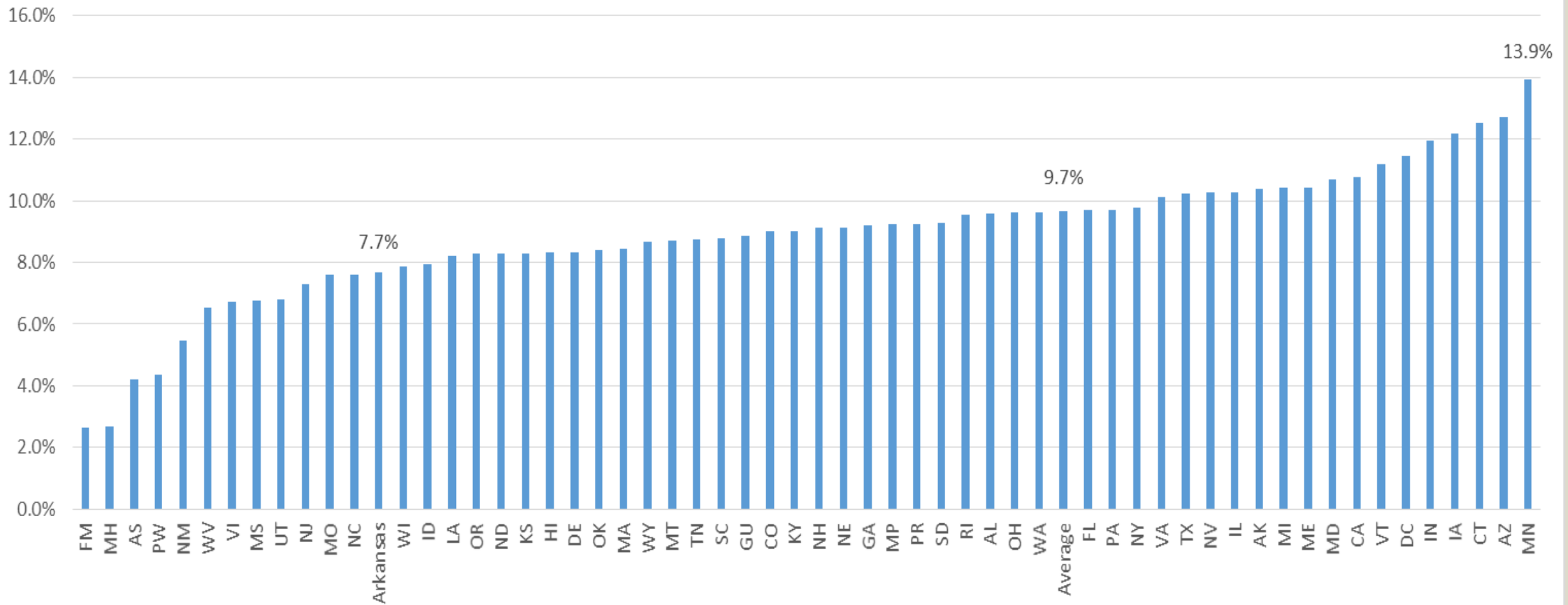
Source: Integrated Postsecondary Education Data System, Fiscal Year 2013-14 Dataset

Student Services as a Percentage of Modified Total Expenses



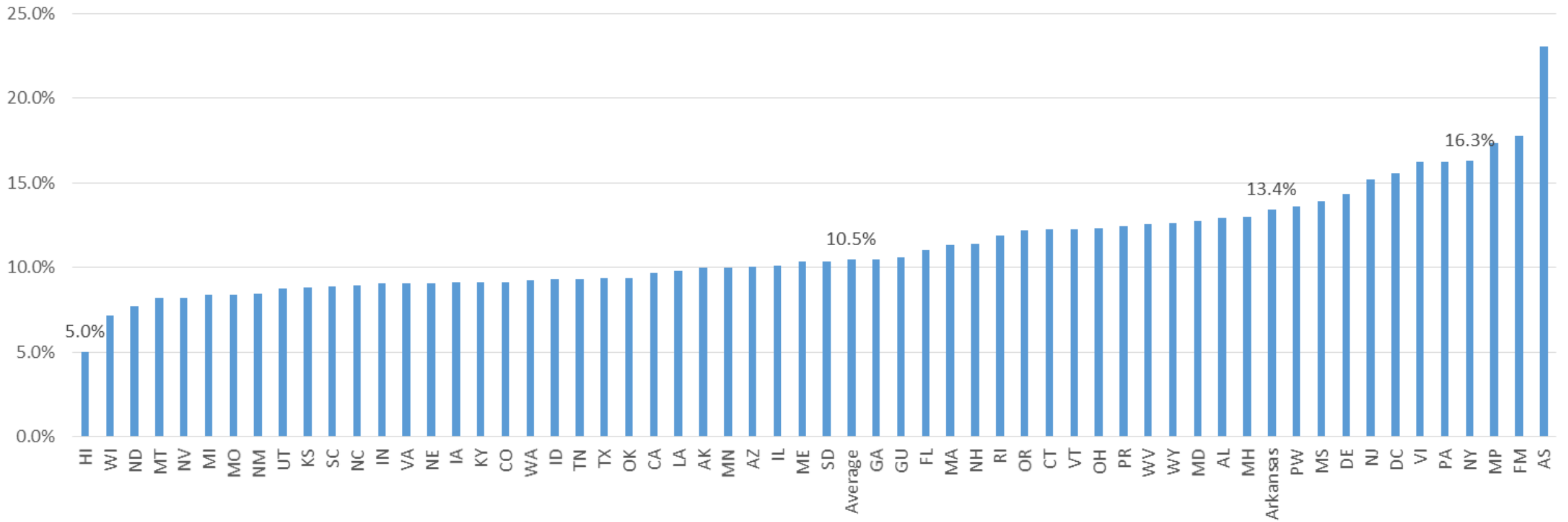
Source: Integrated Postsecondary Education Data System, Fiscal Year 2013-14 Dataset

Academic Support Expenses as a Percentage of Modified Total Expenses



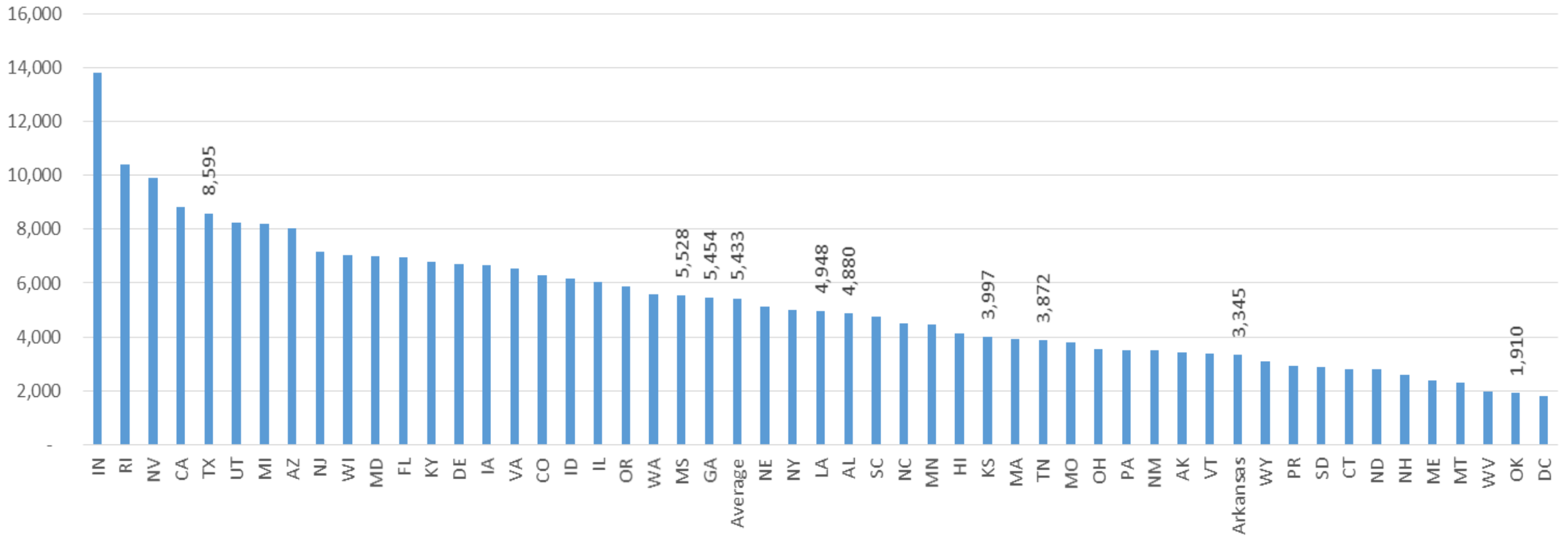
Source: Integrated Postsecondary Education Data System, Fiscal Year 2013-14 Dataset

Institutional Support Expenses as a Percentage of Modified Total Expenses



Source: Integrated Postsecondary Education Data System, Fiscal Year 2013-14 Dataset

Avg. FTE Enrollment



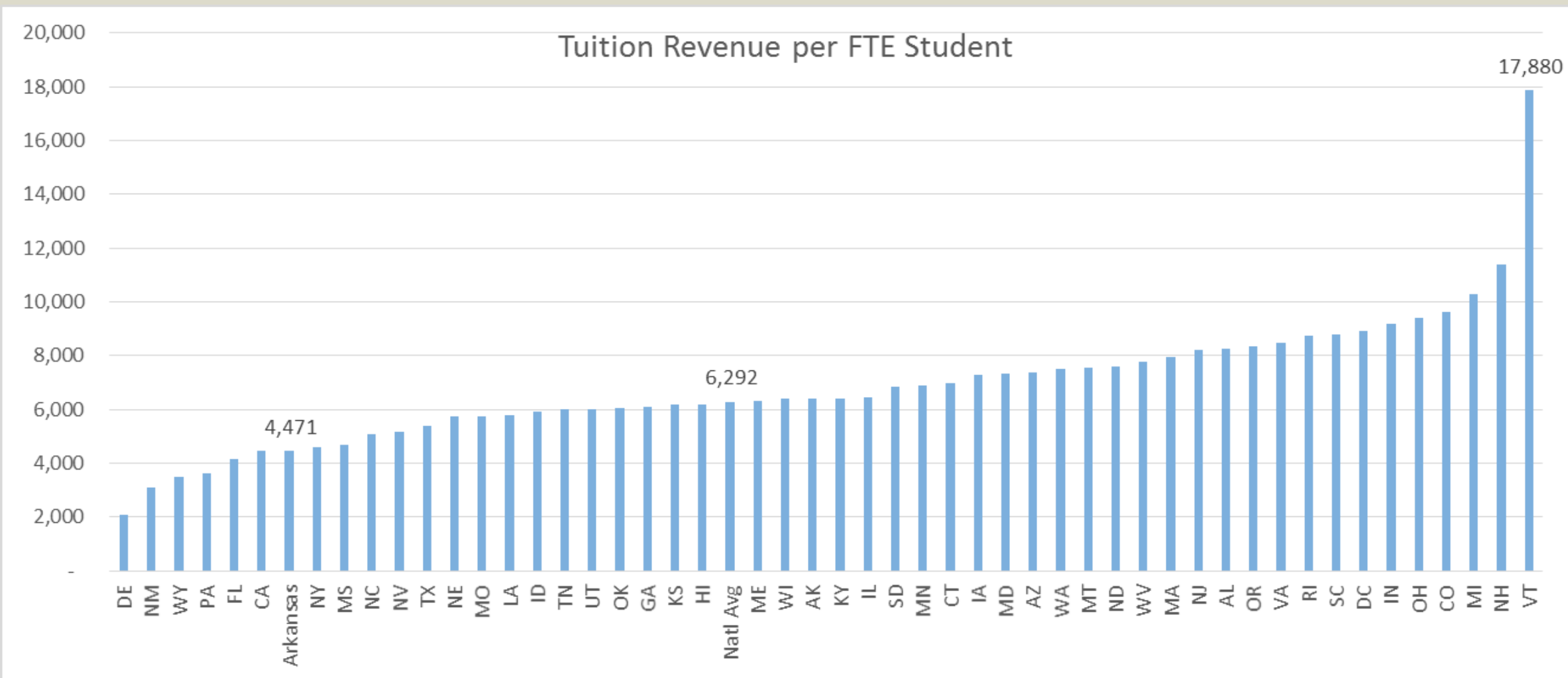
Source: Integrated Postsecondary Education Data System, Fiscal Year 2013-14 Dataset

EXPENSE COMPARISON: ARKANSAS AND NATIONAL AVERAGE

Expense Category	Expenses FY14	AR % of Total	National Average	Expenses @ Natl Avg	Difference
Instruction	942,974,665	34.1%	37.0%	1,023,337,040	80,362,375
Research	296,723,940	10.7%	12.1%	335,547,633	38,823,693
Public Service	206,641,033	7.5%	5.0%	137,760,689	(68,880,344)
Academic Support	212,135,117	7.7%	9.7%	268,280,251	56,145,134
Student Services	157,499,157	5.7%	6.8%	187,893,731	30,394,574
Institutional Support	370,940,524	13.4%	10.5%	290,406,457	(80,534,067)
Auxiliary	317,430,743	11.5%	10.9%	300,869,139	(16,561,604)

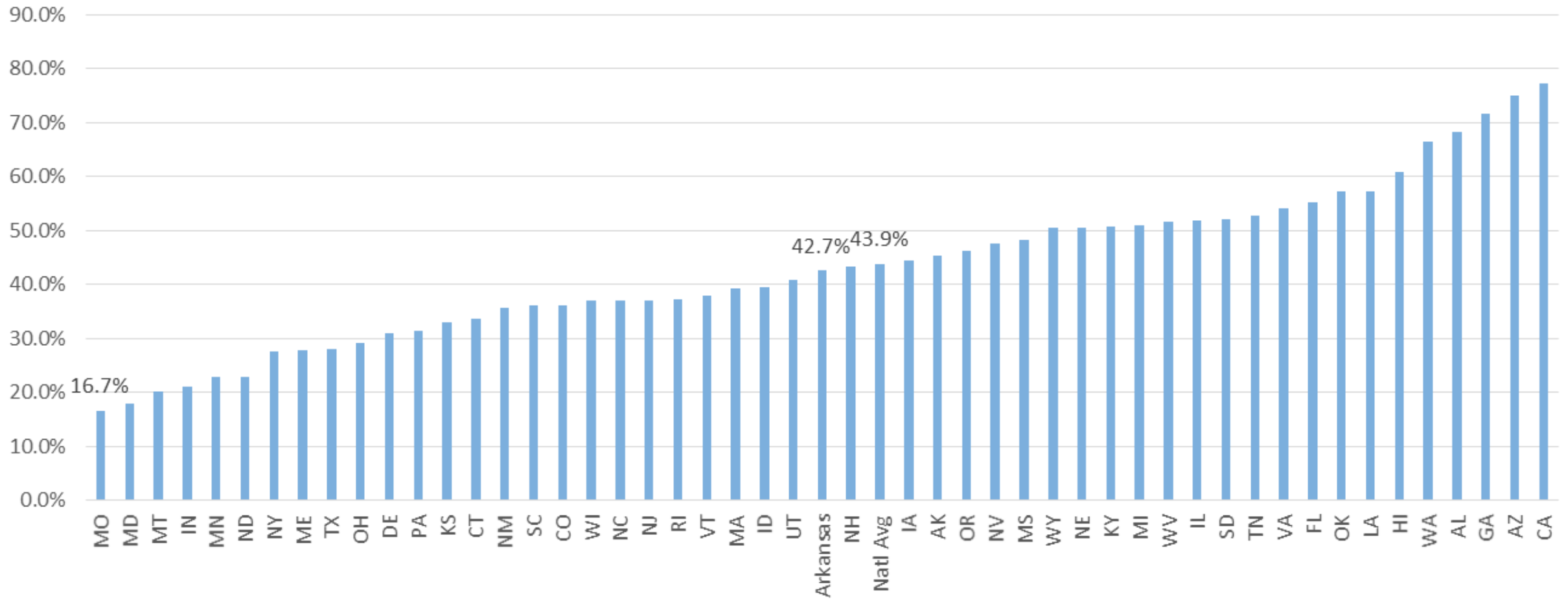
Source: Integrated Postsecondary Education Data System, Fiscal Year 2013-14 Dataset

REVENUE AND AFFORDABILITY: ARKANSAS AND US



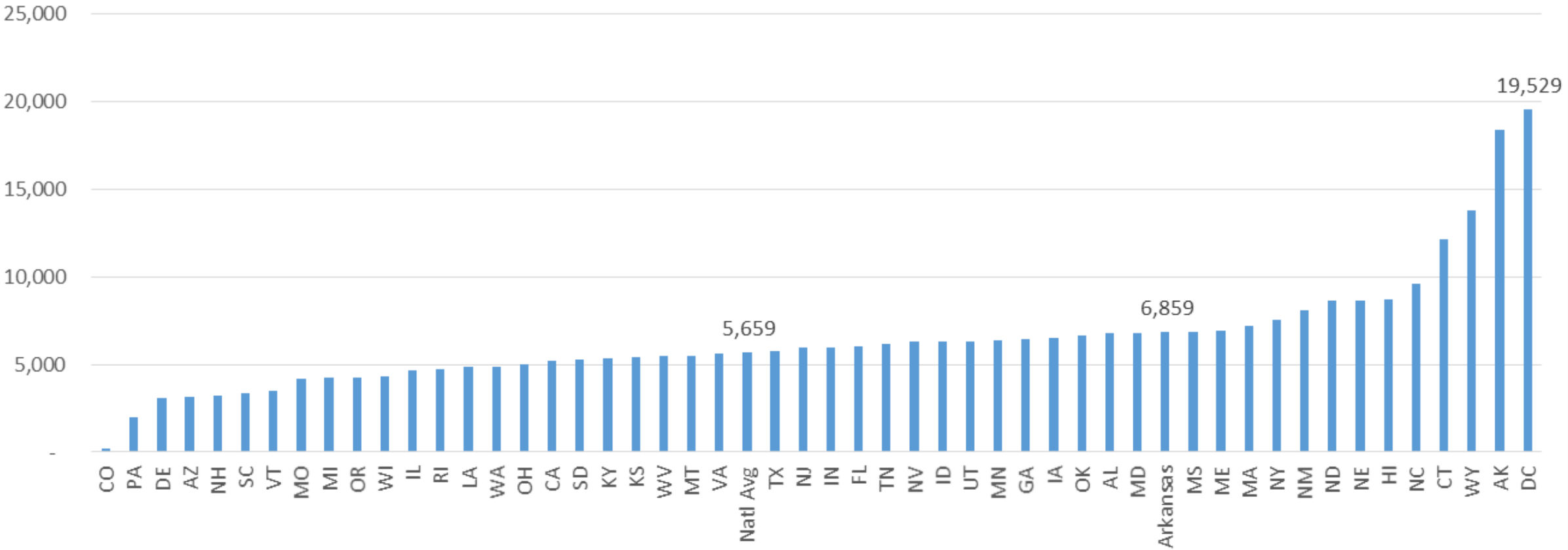
Source: Integrated Postsecondary Education Data System, Fiscal Year 2013-14 Dataset

Tuition Revenue Change FY07 to FY14



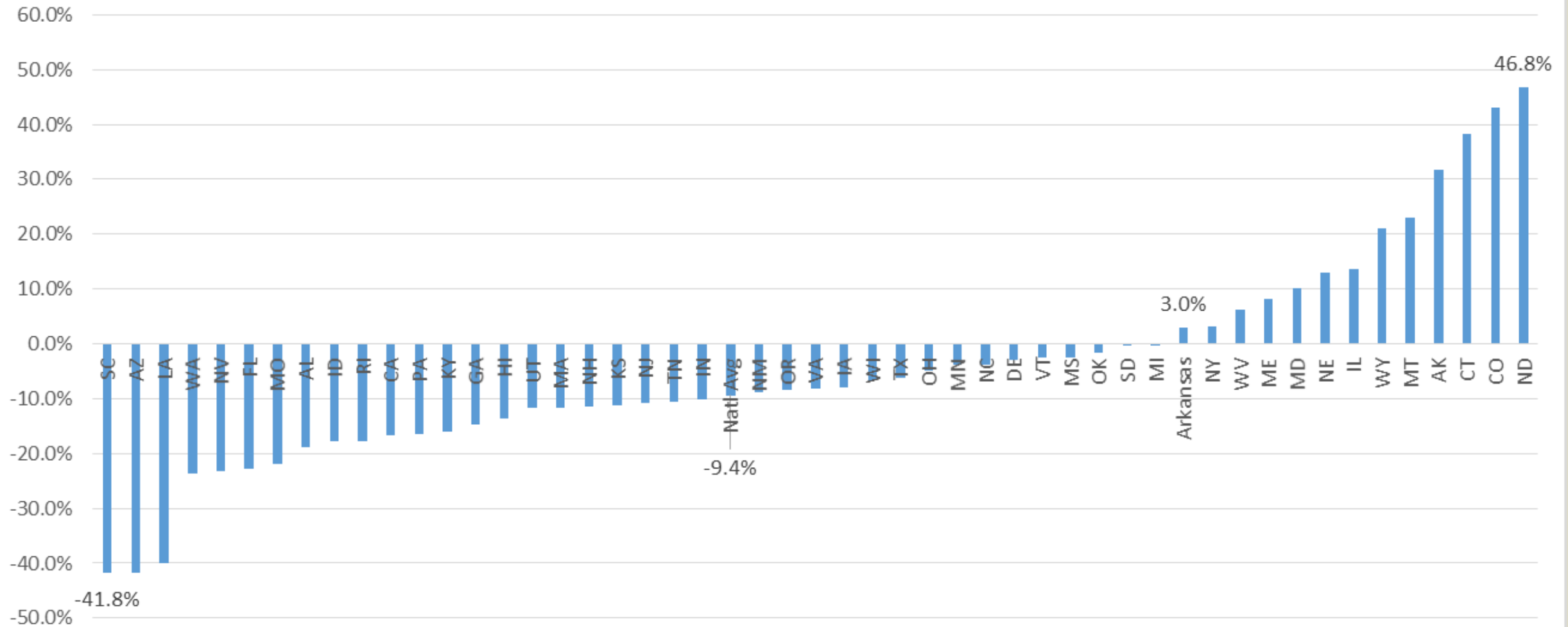
Source: Integrated Postsecondary Education Data System, Fiscal Year 2013-14 Dataset

State Appropriations per FTE Student



Source: Integrated Postsecondary Education Data System, Fiscal Year 2013-14 Dataset

State Appropriations Change FY07 to FY14



Source: Integrated Postsecondary Education Data System, Fiscal Year 2013-14 Dataset

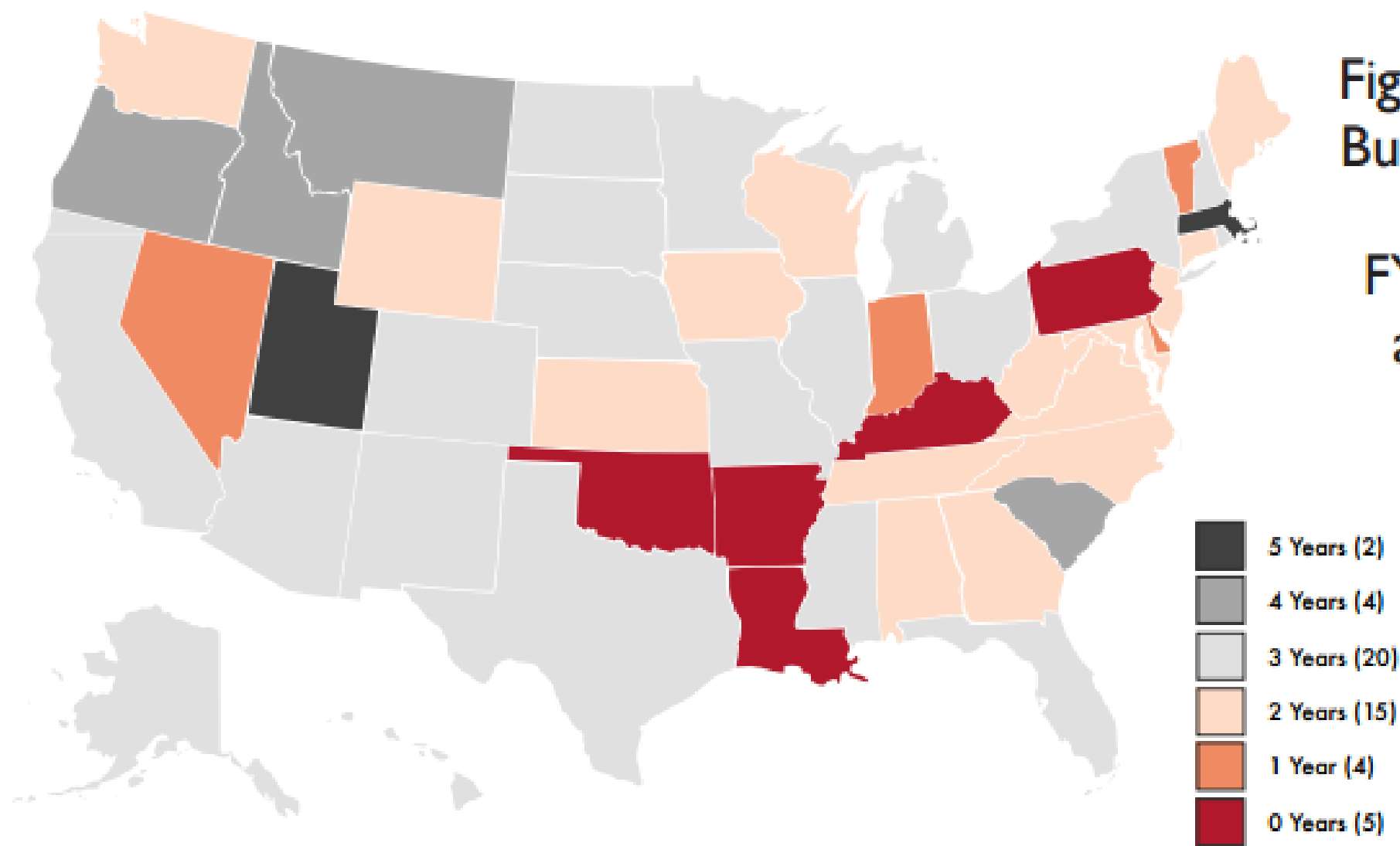
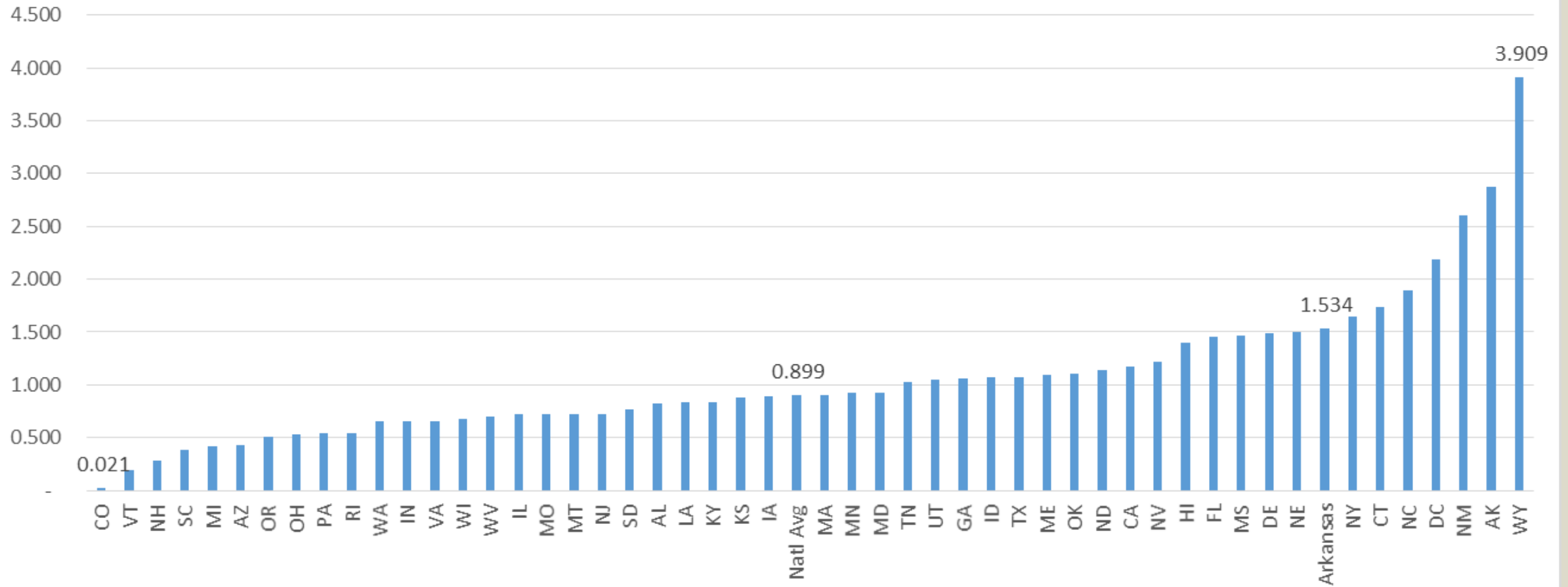


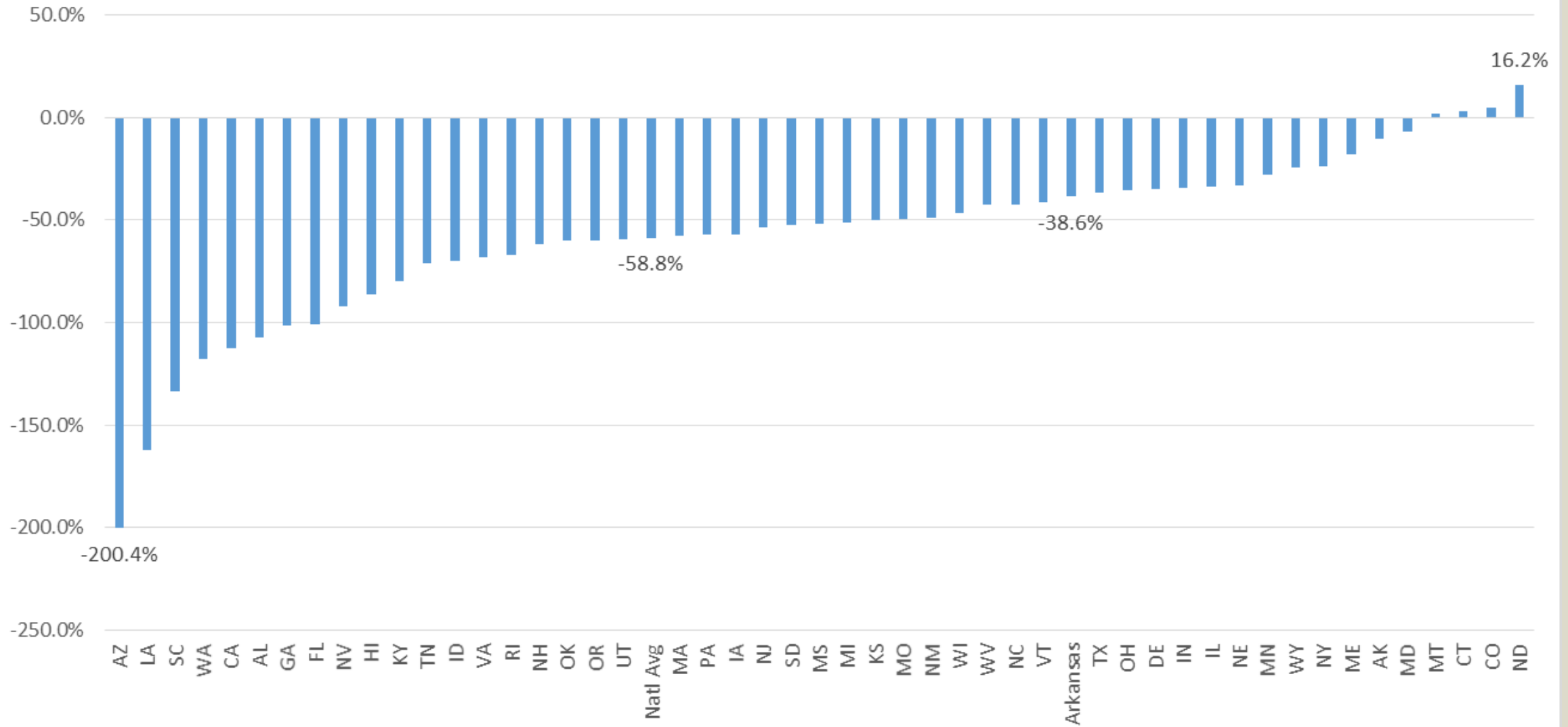
Figure 7: Operating Budgets vs. Inflation
FY2011-12 to
FY2014-15 actual,
and FY2015-16
predicted

State Appropriation to Tuition Ratio



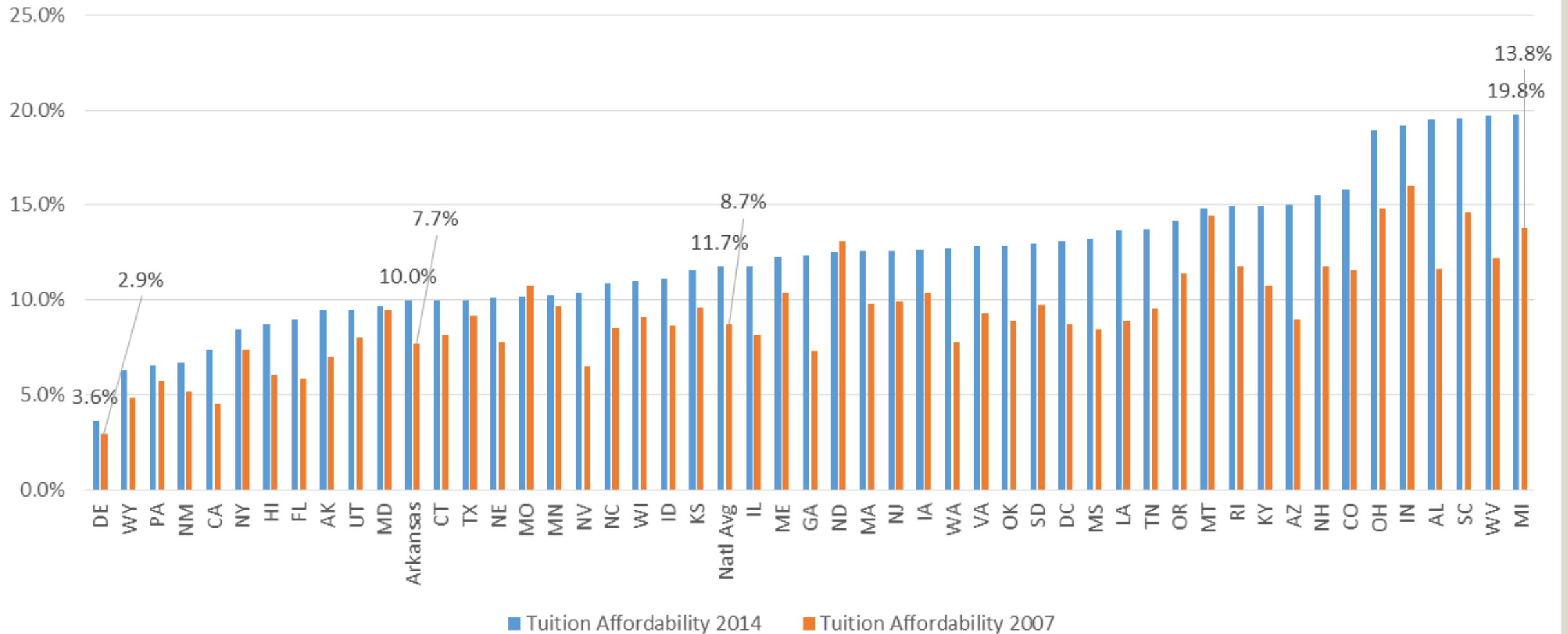
Source: Integrated Postsecondary Education Data System, Fiscal Year 2013-14 Dataset

Change in Ratio of State Share to Student Share



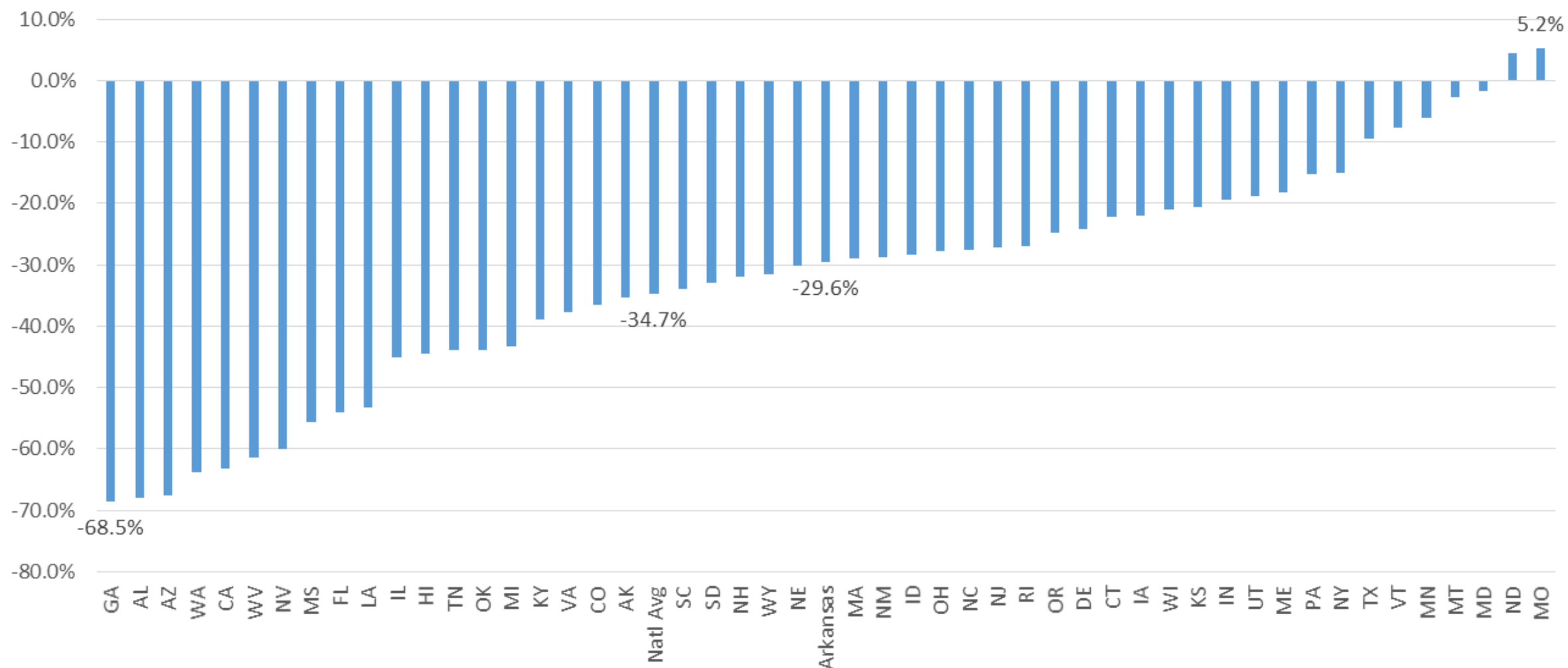
Source: Integrated Postsecondary Education Data System, Fiscal Year 2013-14 Dataset

Comparison of Tuition Affordability 2007 and 2014



Source: Integrated Postsecondary Education Data System, Fiscal Year 2013-14 Dataset and US Census Bureau Median Household Income by State – Single-Year Estimates

Change in Affordability 2007 - 2014



Source: Integrated Postsecondary Education Data System, Fiscal Year 2013-14 Dataset

GOVERNANCE STRUCTURES ACROSS STATES





**EDUCATION COMMISSION
OF THE STATES**

Your education policy team.

50-State Comparison

State-Level Coordinating and/or Governing Agency

	State-Level Coordinating and/or Governing Agency
Alabama	<p>The Alabama Commission on Higher Education, the statutory coordinating agency for public postsecondary education, was established in 1969. The Commission is composed of 12 members, 10 appointed by the governor and 1 each by the lieutenant governor and speaker of the house. All are subject to confirmation by the Senate. No more than 2 members can be from any one congressional district and each is charged with representing the state as a whole. Commissioners serve 9-year terms. The statutory authority of the Commission includes planning, coordination, budget review for individual institutions, recommendations of a consolidated budget and program review for the state's public senior and junior institutions. Program review involves new program approval authority for all public postsecondary institutions. The Commission has advisory authority relative to the review of existing programs. The commission also has approval authority for off-campus instruction and programs offered in the state by out-of-state institutions.</p> <p>The State Board of Education is a constitutional entity with responsibility not only for K-12 but also for governing 1 upper-division college, 3 junior colleges, 18 community colleges and 7 technical colleges.</p> <p>rev. 10/2007</p>

<http://www.ecs.org/postsecondary-governance-structures/>

SELECTED STATES GOVERNANCE STRUCTURE

Alabama – Coordinating agency; responsibilities equivalent to ADHE; multiple university governing boards; Community College System Board of Trustees created in 2015 moved governance from the Board of Education (K-12)

Georgia – Board of Regents; single governance authority for all colleges and universities

Kentucky – Coordinating agency; authority to set institutional mission and plans, establish accountability, set admission standards, set tuition rates; multiple universities, one community and technical system

SELECTED STATES GOVERNANCE STRUCTURE

Louisiana – Board of Regents; planning and coordination authority; 3 university systems, one community and technical college system

Mississippi – Board of Trustees is governing body of public universities; State Board for Community and Junior Colleges is a coordinating agency for the 15 community colleges

Missouri – Coordinating Board for Higher Education; responsibilities equivalent to ADHE; multiple institutions with separate governing boards

ACTIVITY IN OTHER STATES

GEORGIA

GSU and Georgia Perimeter College to merge

© 12:00 a.m. Saturday, Jan. 17, 2015 | Filed in: **Education**

Georgia State University and Georgia Perimeter College will consolidate to form a new institution to be named Georgia State University.

On January 6, the Board of Regents approved a proposal from Chancellor Hank Huckaby recommending the consolidation of these two institutions to improve student success.

"Georgia State is a recognized national leader in improving student retention and graduation rates and will be able to apply its best practices," said Chancellor Hank Huckaby. "Combining these attributes with Georgia Perimeter College's leadership in providing access to students across the metro area presents a major opportunity to improve student success."

Merger Creates Higher Education Success Story

July 20, 2015 | :

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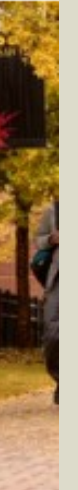
by Jamal Eric Watson

Merging two universities into one is hardly an easy feat.

But administrators at Kennesaw State University (KSU) have successfully done just that, creating a national blueprint that will likely be replicated as more colleges and universities look to consolidation as an answer to help cut costs and streamline academic programs.

Earlier this year, the Board of Regents of the University System of Georgia approved the consolidation plans between KSU and Southern Polytechnic State University, transforming this new institution of higher education into one of the largest universities in the nation.

Consolidating these two relatively young institutions located within 10 miles of each other made sense to Dr. Daniel S. Papp, who has been president of KSU since 2006.



ALABAMA

Alabama board votes to consolidate seven colleges

(Mike Cason/mcason@al.com)

[PrintEmail](#)



By Mike Cason | mcason@al.com

Email the author | Follow on Twitter

on December 10, 2015 at 10:31 AM, updated December 10, 2015 at 1:25 PM

The Alabama Community College System Board of Trustees voted today to begin the process of merging a total of seven colleges, four in south Alabama and three in the east-central part of the state.

Four will be consolidated under Faulkner State Community College, based in Bay Minette. The other three are Jefferson Davis Community College in Brewton, Alabama Southern Community College in Monroeville and Reid State Technical College in Evergreen.

Three will be consolidated under Central Alabama Community College, based in Alexander City. The other two are Southern Union State Community College in Wadley and Chattahoochee Valley Community College in Phenix City.

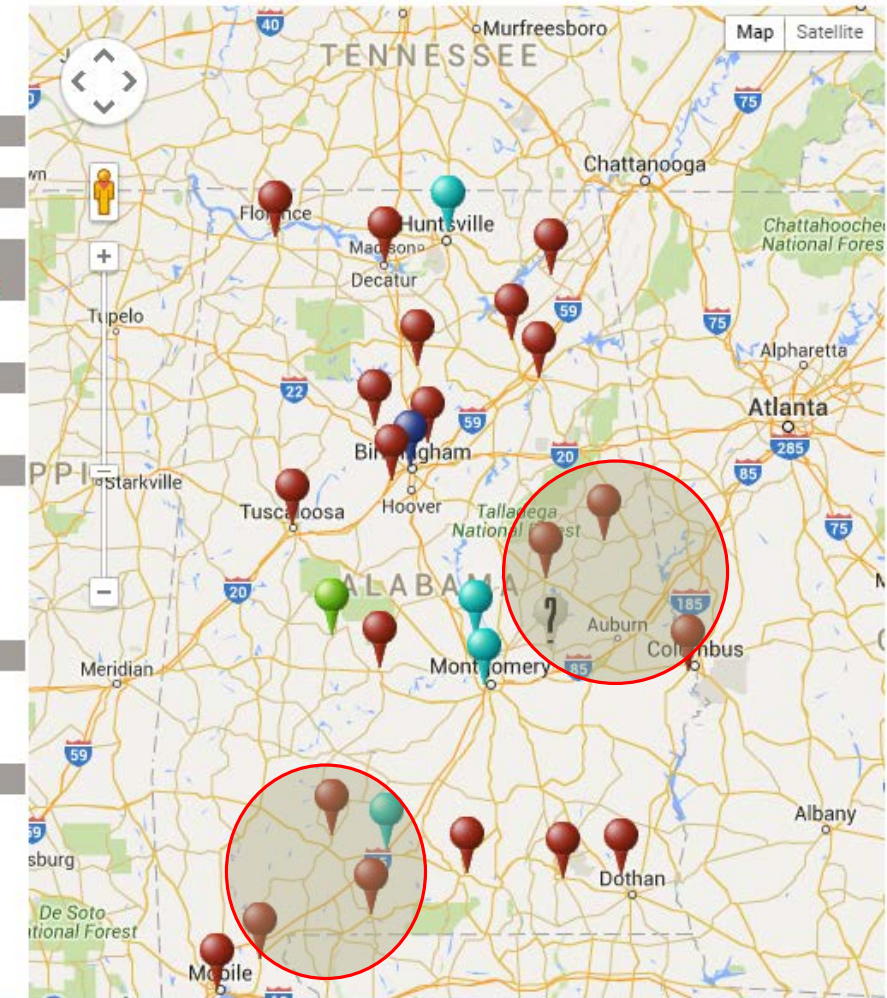
Colleges and Organizations

Community and Technical Colleges

- Alabama Southern
- Bevill State
- Bishop State
- Calhoun
- Central Alabama
- Chattahoochee Valley
- Drake State
- Enterprise State
- Faulkner State
- Gadsden State
- Ingram
- Jeff Davis
- Jefferson State
- Lawson State
- Lurleen B. Wallace
- Northeast Alabama
- Northwest Shoals
- Reid State
- Shelton State
- Snead State
- Southern Union
- Trenholm State
- Wallace Dothan
- Wallace Hanceville
- Wallace Selma

Two-Year Military College

- Marion Military



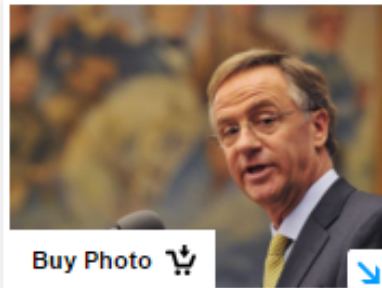
TENNESSEE

Major overhaul planned for Tennessee colleges



Adam Tamburin, atamburin@tennessean.com

9:20 p.m. CST December 1, 2015



Buy Photo



(Photo: Samuel M. Simpkins / The Tennessean)

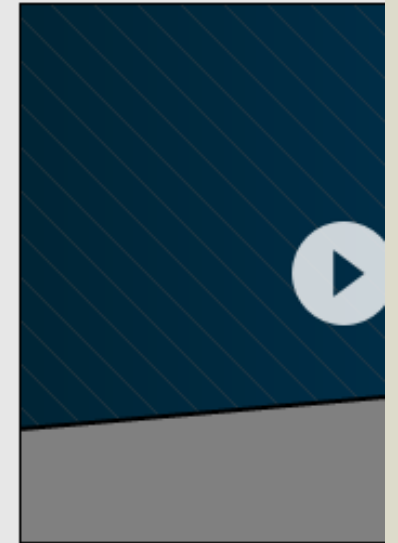
STORY HIGHLIGHTS

- The Tennessee Board of Regents currently oversees six four-year universities.
- In addition, the board oversees 13 community and 27 technical colleges.
- Gov. Bill Haslam announced a plan Tuesday to split off the six universities, which include MTSU.

Gov. Bill Haslam on Tuesday announced plans to overhaul the state's public higher education system by creating independent governing boards for the six universities currently managed by the [Tennessee Board of Regents](#).

That would mean local boards at state universities such as [Middle Tennessee State University](#), [Tennessee State University](#) and [Austin Peay State University](#) would be able to set tuition rates, approve budgets and set priorities independently. The Board of Regents would continue to manage the state's network of 13 community colleges and 27 technical colleges.

Haslam said splitting state universities off would allow the Board of Regents to put "concentrated focus" on the challenges at community and technical colleges while allowing the six universities to respond individually to "unique needs and regional economies."



TOP VIDEO



FLAGSHIPS

They feel caught in regional orientations and structures while trying to compete in national and global venues.

Are Systems Bad for Flagships?

State systems have served higher education well over time, but in today's environment they may be inimical to the health of flagship universities and the regions they serve, write Robert Berdahl, Steven Sample and Raquel M. Rall.

March 7, 2014

By [Robert Berdahl](#), [Steven Sample](#) and [Raquel M. Rall](#)

For much of the past century, public higher education in the United States has been governed by various forms of state university control. These "systems" and their governing boards define and harmonize the educational interests and needs of their respective states with campus strategic plans, allocate state resources, oversee capital development, and try to buffer institutions from excessive intrusion by politicians and state agencies -- important roles all.

And, because state higher education systems often comprise institutions located in all regions of the state, they are believed to be able to generate more general legislative support for higher education than might be possible for any single institution.

Yet despite the prevalence and best intentions of systems, it's not clear that good state systems any longer lead to good university governance. Indeed, it may be that university systems are inimical to the health of public flagship universities and to the states and regions they serve. As institutions have grown larger and more complex, it is more difficult for a single system board to oversee and govern

GOVERNANCE AND CONSORTIA

FLORIDA

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Save Your Money

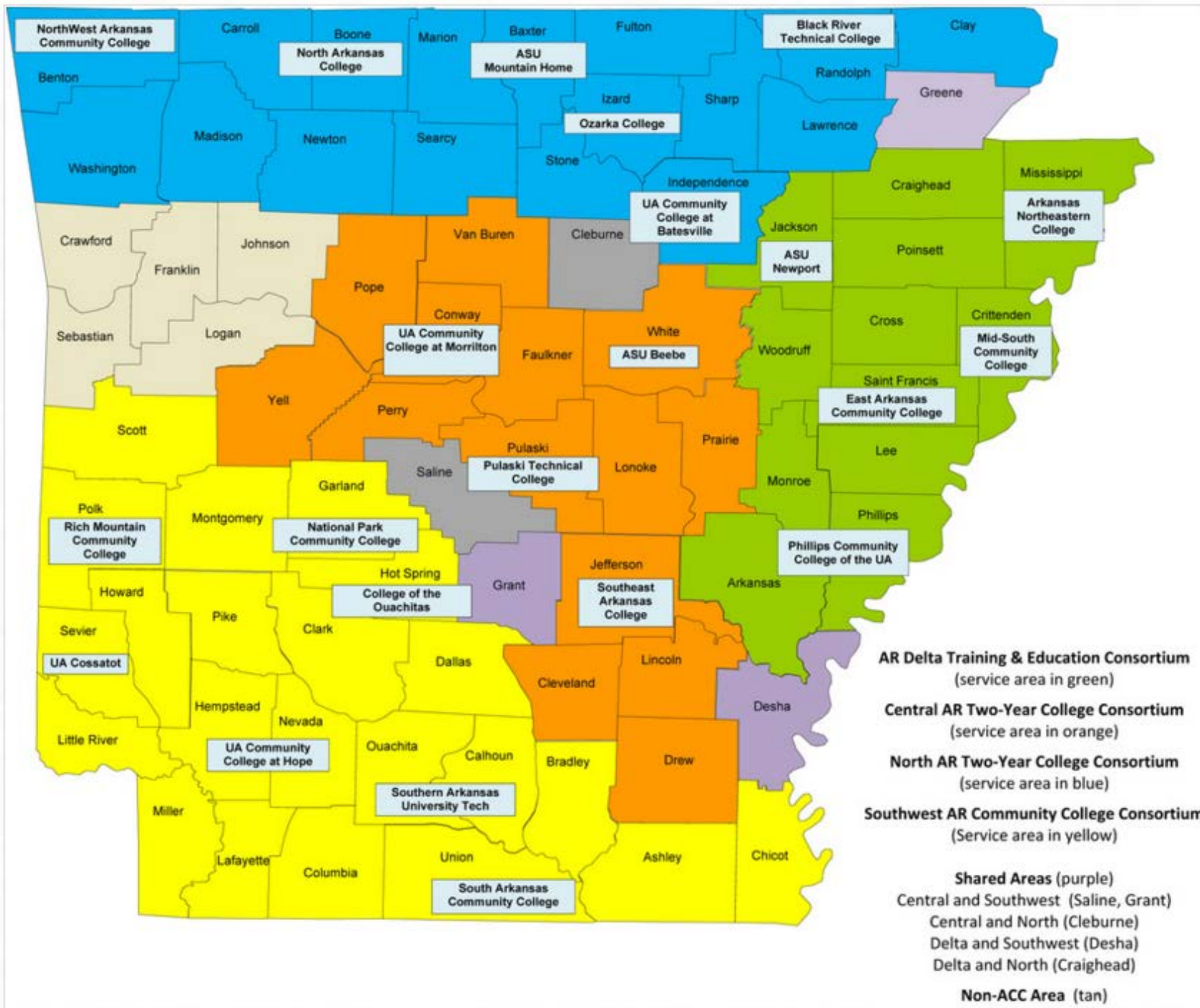
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QUESTIONS?