



Blueprint for a Texas  
Community College “System”  
Response to RFP 781-2-08324

National Center for Higher Education Management Systems

8 June 2012

## Introduction

The RFP calls for the National Center for Higher Education Management Systems (NCHEMS) to provide a blueprint to establish a state system administration for public community colleges. The RFP calls for responses to five questions:

1. What should be the powers and functions invested in a new state system entity in relation to local (i.e., district-level) powers and functions?
2. What is the role of the new entity with respect to the Texas Higher Education Coordinating Board?
3. What are possible methods of funding a new system entity (e.g., via collecting federal cost recovery revenue through the administration of federal Perkins grants)? What affect would these possible methods of funding have on the THECB's current administration of federal and state funds?
4. What sort of community college system entities do other states (e.g., California and Florida) possess, and how might those states' models inform the establishment of a new system entity in Texas?
5. What sort of expertise/staffing requirements and financial resources would be required of the new system entity to execute the certain functions (outlined in the RFP)?

To address this charge, NCHEMS

- Compiled data about the community college systems across the nation, especially in large, diverse states and those that have strong traditions of local control as well as statewide community college entities.
- Reviewed statutes, THECB policies and other documents dealing with governance of Texas Community Colleges.
- Conducted interviews with a cross-section of stakeholders to identify the issues that gave rise to Rider 53 and understand the perspectives and concerns of multiple constituents.

## Community College Systems in Other States

### Differences among states

The governance of community colleges across the 50 states defies easy description or classification. Each state's community colleges evolved from unique state circumstances. Examples of development include:

- Colleges that evolved, often as junior colleges, primarily through local initiative on the basis of school districts and the K-12 system with limited state oversight.
- Colleges that developed through state law that established a framework for both local governance and a statewide structure.
- Colleges that evolved from postsecondary vocational/technical systems—usually linked to the state board for vocational education (usually the state board of education).
- Colleges evolving from branch campuses linked to state universities

Some states experienced the proliferation of two or more of these developments resulting in highly fragmented networks of less-than-baccalaureate-level institutions. Many of the governance controversies in the 1970s through the 1990s revolved around rationalizing these networks.

As a result of the unique state evolution, community colleges vary widely in the forms of local governance:

- Colleges in some states do not have local governing boards (except perhaps local advisory boards) (Hawaii, Kentucky, Louisiana Nevada, and South Carolina).
- A limited number of states have locally elected boards (California, Illinois, Iowa, Kansas, Maryland, Michigan, Mississippi, Nebraska, New Mexico, Ohio and Texas).
- Local boards in other states are appointed (usually by local governments and/or the governor) (Florida, New Jersey, New York, North Carolina, Ohio, Virginia, Washington and West Virginia).

Patterns of financing beyond funds raised through student tuitions also vary:

- Mill levies by community college taxing districts or through local governments
- Contributions/assessments paid by local governments as assessments
- State appropriations

The state-level structures vary as widely as the origins and governing arrangements for community colleges.<sup>1</sup> (See Appendix 1) The main types of state structures are as follows:

- A unit under the State board of education that is responsible primarily for K-12 (Alabama, Florida, Iowa, Oregon, Pennsylvania) *regulates* community colleges.
- A state-level consolidated *governing* board with responsibility for *governing* both universities and community colleges and/or two-year campuses (Alaska, Connecticut, Georgia, Hawaii, Idaho, Massachusetts, Minnesota, Montana, New York (CUNY), North Dakota, Rhode Island, Tennessee, Utah, Wisconsin (UW Colleges)).
- A state-level governing board for state universities is also responsible for coordinating locally governed community colleges (Kansas, New York (SUNY)).
- A state-level higher education coordinating board or agency coordinates/regulates locally governed community colleges—no independent state-level board for community colleges (Maryland, Missouri, Nebraska, New Jersey, New Mexico, Ohio, Oklahoma, Texas).
- An independent state board *governs* community and/or technical colleges (Colorado, Indiana, Kentucky, Louisiana, Maine, New Hampshire, North Carolina, South Carolina, Virginia, West Virginia).
- An independent state board *coordinates* locally governed community colleges (California, Illinois, Mississippi, Washington, Wisconsin).
- The state has no state-level board or entity with authority over locally governed community colleges (Arizona, Michigan)

States with independent state boards that either govern or coordinate community colleges differ in whether the community college board functions under the oversight of a state board/agency for coordinating all higher education

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<sup>1</sup> This list makes a careful distinction between three types of state function: *governing boards* have centralized control of appointing presidents and other governing functions and delegate powers to local colleges; *coordinating boards* have planning, budget and oversight responsibilities but governance of colleges is the responsibility of local college boards; *regulating agencies* carry out basic oversight functions but the governance of colleges is the responsibility of local college boards.

- States in which a state community college board functions with an overall coordinating agency for higher education include: Colorado, Oregon, Illinois, Indiana, Kentucky, Louisiana and Washington.
- States with state community college boards that do not have a state higher education coordinating entity over both the community college and university sectors include California, Georgia, Maine, New Hampshire, West Virginia and Wisconsin (between the University of Wisconsin System and the Wisconsin Technical College System).

### **Trends in community college governance**

Just as governance structures are unique to each state, the major changes in state-level community college governance over the past fifty years have taken place because of unique state circumstances.

The major governance changes, clustered according to common themes, were:

- **Consolidating two-year institutions under a single community and technical college board.** North Carolina (1979), Kentucky (1997), Louisiana (1998) and West Virginia (2000) established consolidated state community (and technical) college systems under statewide governing boards. In each of these cases, the states consolidated highly fragmented networks of two-year university campuses, community colleges and postsecondary technical institutions to form statewide systems. In contrast to Texas community colleges, the colleges in these states are funded primarily by state appropriations and tuition with no local support and function under the governing authority of the state-level board. There are no college-level boards in Louisiana, and college-level boards in the other states operate under authority delegated by the central board or are only advisory.
- **Expanding the mission of an existing technical college system.** Indiana (2005), Maine (2003) and New Hampshire (1999) reconfigured technical college systems to ensure the full range of community college services (including transfer programs) available in every region of the state.
- **Consolidating of community and technical colleges and access-oriented state universities under a single governing board.** Minnesota (1995) and Connecticut (2011) consolidated previously independent state community and technical college boards under a state-wide board also responsible for governing state universities (but not the states' major flagship university). In neither of these states are there local college boards.
- **Consolidating oversight of locally governed community colleges under a statewide university governing board.** Kansas (1999) moved the statewide oversight of the locally governed community colleges from the State Board of Education to the Board of Regents, the statewide governing board for universities. The community colleges retained their local governing authority, however.
- **Eliminating a state-level coordinating board for locally governed community colleges.** Arizona (2003), a state with local elected boards and financing that includes local tax support, state appropriations and tuition, abolished the state-level coordinating board for community colleges. Efforts to re-establish this entity have been rejected.
- **Strengthening a community college system to align with statewide goals for college completion.** Tennessee (2010) enacted the Complete College Tennessee Act which strengthened the existing community colleges as a "system" within the governing authority of the Tennessee Board of Regents.

## **Mission distinction between community colleges and universities**

A perennial issue faced by many states is the need to maintain mission differentiation between community colleges and universities while at the same time developing a set of policies that require consistency and commonalities between the two sectors to ensure seamless progression of students through the education pipeline. The tension tends to be around these two dimensions

1. Policies to reinforce the distinctive mission of community colleges are critical to ensure:
  - The focus of the mission of open access, affordability, ensuring the success of students with diverse levels of preparation, links with regional K-12 systems and responsiveness to workforce needs
  - Finance, faculty reward systems (workloads, etc.) and other policies aligned with mission
2. Policies to ensure seamless student progress through the educational pipeline especially links with the K-12 system, adult education, and transfer to four-year institutions: these policies inevitably require statewide implementation and a degree of consistency and alignment between community college and universities on key academic policies, such as:
  - Statewide expectations for college and career readiness
  - P-16 relationships, including consistent dual credit policies
  - Common placement assessments and policies on cut-off scores
  - Core curricula
  - Common course numbering systems
  - Transfer agreements in selected majors

The effort to achieve a balance between these two perspectives can be seen clearly in the structure of large university systems that also include community colleges:

- The University of Hawaii organizes the community colleges under a Vice Chancellor for Community Colleges to ensure full attention to the unique mission of these campuses. While this differentiation is important, effective transfer and articulation remain a continuing challenge—in part because of the resistance from the main university campus, University of Hawaii at Manoa.
- The City University of New York (CUNY) has maintained a position of Vice Chancellor for Community Colleges. In contrast to Hawaii, this is not a “line” position but the position is intended to ensure clear communication between the community college units and the system’s central university administration and the integration of the colleges within the system’s overall policies to ensure student progression through the system.
- The State University of New York (SUNY) has established a position of Vice Chancellor for Community Colleges and the Educational Pipeline. This position combines attention to both the priorities noted above: the unique community college mission and the need for a seamless educational pipeline. The role is one of leading the resolution of issues that cut across the main units of the system (Academic Affairs, Budget and Finance), not to duplicate these functions. The thirty SUNY community colleges are far more diverse than the colleges within CUNY and are deeply intertwined with the political and finance of county government. The governance of the colleges differs significantly from that of the system’s universities. For this reason, the position of Vice Chancellor for Community Colleges is a critical means to ensure sensitivity to the community college mission in a system that would otherwise be dominated by a university perspective.

- The reforms enacted in Tennessee in 2012 strengthened the community college system *within* the Board of Regents which also governs state universities. Following up on these reforms, the Board of Regents established a position of Vice Chancellor for Community Colleges. The role and responsibilities are similar to those of the vice chancellors in SUNY and CUNY: to ensure focus on the community college mission as well as the educational pipeline in a system that could be dominated by a university perspective and to lead cross-function resolution of issues.

### **California and Florida**

Because California and Florida, as large states with rapidly growing and highly diverse populations, face issues similar to those facing Texas, Texas leaders often ask if there are lessons from these states that could be useful to Texas. The reality is that the context (educational, fiscal and governance) differs so much from the Texas context that only the most general lessons can be drawn from these states.

- The Florida community colleges (now called “colleges”) are governed by county-level boards with some members appointed by the governor and others by local/county officials. The colleges operate within the oversight and regulatory authority of the State Board of Education, a state entity with responsibility for overseeing the whole education system, P-20. The colleges receive all their public support through state appropriations, not local tax support. A Constitutional amendment in the early 2000s re-established a state-level governing body for universities, the Board of Governors, which in effect limits the breadth of the State Board of Education authority. Nevertheless, the State Board retains its authority related to community college oversight. The reforms of the early 2000s eliminated the state-level coordinating body for community colleges (which had functioned within the structure of the State Education Department) and assigned the functions to a Division of Florida Colleges and Workforce Education under the authority of the Commissioner of Education and the State Board of Education.
- California community colleges are governed by district-level elected boards, some for single colleges and others for multiple colleges. The Board of Governors of the California Community Colleges sets policy and provides guidance for the 72 districts and 112 colleges which constitute the system, and the Chancellor is the chief executive officer of the system. As a consequence of Proposition 13, enacted in 1978, the local taxing authority of community college districts was severely limited with the result that the most of the colleges’ funding now comes from the state and from fees authorized by state law. Despite the appearance of local control through elected boards, the colleges are now tightly controlled by exceptionally prescriptive state laws. The actual power of the Board of Governors and Chancellor over the system is limited. Through the influence of faculty unions, requirements were enacted in 1988 that mandate extensive consultative processes at the level of the Chancellor and each level of the system that are widely seen as paralyzing effective governance of the system. Repeated studies and special commissions (the most recent in 2012 by the Little Hoover Commission) have called for fundamental reform of the governance structure including strengthening the powers and capacity of the Board of Governors and Chancellor. None of the proposed changes have been enacted and the prospects for reforms in the near future are limited. Meanwhile, the state eliminated the state’s higher education coordinating body, the California Postsecondary Education Commission, so the state now has no statewide entity charged with coordinating the whole system to achieve long-term state goals.

## **Challenges facing states with strong traditions of local control**

States across the nation face challenges in improving the educational attainment of their populations: improving college and career readiness and the student success in completing certificates and degrees. To achieve long-term goals, states must have in place means to ensure that:

1. There are high performing colleges (in terms of state goals on measures such as “Momentum Points”) in every region of the state and covering *all* the state’s population
2. The colleges have the basic capacity (scale, faculty and staff, financing, leadership and management) to perform effectively and efficiently
3. The diverse network of locally controlled colleges “row” generally in the same direction in terms of long-term goals.

The reality is that several of the large states with strong traditions of local control have no effective state-level means to ensure that their diverse community colleges respond in a concerted manner to state priorities. In each of these states one can find some of the highest-performing community colleges in the nation, but other colleges in the same states are performing far less effectively—and these colleges are often serving the state’s most challenging populations. California is perhaps the most troublesome case. California faces extreme differences in performance and capacity across its community college system but the state has no effective mechanism to address these issues.

The imperative is to balance the benefits of strong, effective local governance with the need for an effective statewide strategy that reaches all the state’s population with the needed community college services.

## **Shift away from centralized regulation**

In the early development of community colleges, states enacted detailed regulations to govern the conditions for establishing new colleges, the functioning of boards, approval and review of academic program, and ensuring proper and efficient use of state funds. The emphasis was on “preventing bad things from happening,” not on advancing statewide goals comparative to *Closing the Gaps*.

In the past decade, the emphasis at the state level has shifted decidedly from regulation of inputs to incentives for performance and outcomes. The focus of systems has now turned to shaping clear goals and performance indicators, decentralizing responsibility to governing boards for implementation, using finance policy to provide incentives for performance and holding governing boards accountable for outcomes aligned with state goals or a public agenda (similar to *Closing the Gaps*).

Part of the rationale for this shift is that a state focus on regulation of inputs spawns a local mentality of compliance, not a commitment of governing boards and presidents to share responsibility for achieving goals. As Richard Elmore, a noted authority on policy implementation in loosely-couple systems like schools and universities, if one has to resort to tighter regulation as the principal policy tool to effect change, “the game is lost.”<sup>2</sup>

The most dynamic community college systems in the country—Kentucky, North Carolina, Virginia and Washington—use a combination of clear system goals, decentralized governance,

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<sup>2</sup> Elmore, R.F. (1980) Complexity and Control: What Legislators and Administrators Should Know About Implementing Public Policy. Washington, D.C.: U.S. Office of Education

finance policy that provides incentives for performance and accountability aligned with state goals.

### **Role of state associations of presidents and trustees**

State associations of presidents and trustees often play important complementary roles to “official” state entities. In only a few cases (e.g., Arkansas, Nebraska and New Jersey) do the state associations play a quasi “official” role. Examples include serving as the official statutory (as opposed to an association) representative of the community college sector in state government deliberations or performing statutory functions such as developing and recommending the allocation formula for state funds to community colleges. In most cases, the associations serve an important advisory function to the state but they retain their independence as advocacy groups for their members.

### **Lessons from other states for Texas**

- There is no model from another state that can be easily adopted to fit the unique needs and circumstances of Texas.
- Local control is a strongly held value in a number of states (including Texas). State-level policy options in these states must honor this local control while advancing statewide agendas. States need to ensure that there is the needed capacity to deliver community college services in every region of the state.
- State policy should:
  - Support a clear distinction between the community college and university missions
  - Facilitate seamless movement through the educational pipeline to a certificate or degree between community colleges and universities (common course numbering, core curricula, etc.)
- Establishment of separate community college entities can ensure attention to the community college mission but may not address the critical cross-sector issues related to articulation and transfer and improving student progress through the educational pipeline.
- Statewide boards that have responsibility for the whole higher education system—including universities and community colleges—must establish mechanisms that ensure that the community college mission is not subsumed or overwhelmed by the university mission. To have credibility to work with community colleges, statewide boards must have senior leadership with experience and credibility in the community college sector. However, this differentiation must be balanced by mechanisms to address critical cross-cutting issues that necessarily must engage both community college and universities.
- Decentralized governance must be accompanied by accountability for achieving statewide goals.
- State associations of presidents and trustees can be important partners with official state agencies in shaping and implementing policies. However, it is difficult to call upon member associations to perform in an official capacity, especially when it is necessary to make differential decisions regarding community colleges on performance, funding or other matters.
- Finance policy linked to performance is a far more effective policy tool than regulation to spur commitment to goals and innovation and efficiency in achieving goals.

## Texas Context

### The community college challenge

There is widespread agreement that Texas is heavily – and increasingly – dependent on community colleges as the gateway to postsecondary education in the state. If Texas is to achieve the goals of *Closing the Gaps* and its likely more aggressive successor statewide higher education attainment goal, community colleges will have to make a substantially greater contribution than is the case currently.

However, Texas community colleges are a highly diverse network of institutions with locally elected boards, local taxes as a major revenue source. Local considerations drive college priorities. With declining state support, the colleges have few incentives to align their efforts with state priorities.

Many of the community colleges perform well, are nationally recognized for their participation in projects such as *Achieving the Dream*, and are making substantial efforts to address issues such as improving developmental education and improving the success of students in completing certificates or degrees or transferring to a university. Nevertheless, there are enormous differences among community colleges in basic capacity to carry out the full range of community college services and to make contributions to regional and state priorities.

- About 30% of the state's residents live outside the boundaries of any community college taxing district – creating differential affordability issues, complicated by the fact that the Texas Grant program is not structured (or funded) to serve the needs of community college students.
- The tax capacity of the community college districts varies enormously. Even with much higher tax rates, some districts do not have a sufficient property value base to provide adequate resources to maintain necessary capacity. There is nothing about the state/community college funding relationship that has the state assuming any responsibility for building/maintaining the capacity it will be relying upon to deliver the results it needs.
- Community colleges vary greatly in their size and basic leadership and management capacity. The geographic location of community college capacity is not aligned with the state's demographic growth, especially the growing Hispanic population.
- State funding has declined substantially in recent years. The funding relationship between the state and community colleges is not unlike revenue-sharing arrangements between state and local governments. The basis for determining shares is not well aligned with state goals. State finance of community colleges has no history of being tied to performance expectations/a public agenda, except for the recent consideration but not implementation of outcome-based funding.

The issue for Texas is how to get a greater contribution from a diverse network of community colleges to state goals while maintaining the strengths of local governance/control linked to the unique needs of each region of the state.

### The current structure

Community colleges in Texas operate within the framework of state law and regulation. The THECB has broad coordinating authority for all institutions of higher education explicitly including community colleges (Texas Code, section 61.051). State statutes give the THECB broad authority related to community colleges. Excerpts from these provisions are as follows:

State law (sec. 61.060) makes clear the authority of local community college boards.

The board [THECB] shall exercise, under the acts of the legislature, general control of the public junior colleges of this state, on and after September 1, 1965. All authority not vested by this chapter or other laws of the state in the board is reserved and retained locally in each respective public junior college district or the governing board of each public junior college as provided in the applicable laws.

Nevertheless, these boards must function with the framework of state law and THECB rules. Sec. 61.061 states that:

The board [THECB] has the responsibility for adopting policies, enacting regulations, and establishing general rules necessary for carrying out the duties with respect to public junior colleges placed upon it by the legislature. The commissioner of higher education is responsible for carrying out these policies and enforcing these rules and regulations.

Sec. 130.001 states that:

- (a) The Coordinating Board, Texas College and University System, referred to as the coordinating board, shall exercise general control of the public junior colleges of Texas.
- (b) The coordinating board shall have the responsibility for adopting policies, enacting regulations, and establishing general rules necessary for carrying out the duties with respect to public junior colleges as prescribed by the legislature, and with the advice and assistance of the commissioner of higher education, shall have authority to:
  - (1) authorize the creation of public junior college districts as provided in the statutes, giving particular attention to the need for a public junior college in the proposed district and the ability of the district to provide adequate local financial support;
  - (2) dissolve any public junior college district which has failed to establish and maintain a junior college within three years from the date of its authorization;
  - (3) adopt standards for the operation of public junior colleges and prescribe the rules and regulations for such colleges;
  - (4) require of each public junior college such reports as deemed necessary in accordance with the coordinating board's rules and regulations; and
  - (5) establish advisory commissions composed of representatives of public junior colleges and other citizens of the state to provide advice and counsel to the coordinating board with respect to public junior colleges.

Until 2004, the THECB had a Division of Community Colleges, headed by a person with community college experience, with responsibility for several THECB functions related to community colleges as well as being a liaison with community college sector. Under the leadership of a new Commissioner, the THECB was reorganized to eliminate the division and integrate the functions with the other THECB units. The rationale for this change was to ensure

consistency in the quality of undergraduate education across both two- and four-year institutions, to address issues such as transfer and articulation and to integrate academic policy related to the community with that for all of higher education. There were also concerns that the community college division was serving more as an advocacy unit for community colleges, closely aligned with the Texas Association of Community Colleges, than as a state entity focused on the oversight and performance of the community college sector.

Currently, THECB functions related to community colleges are carried out by several different units. The THECB devotes approximately 34.2 full-time equivalent (FTE) positions<sup>3</sup> to community college issues: 8.4 FTE in the Workforce, Academic Affairs and Research Division, 8.4 FTE in the Planning and Accountability Division, 10.4 FTE under P-16 Initiatives, 2 FTE under Grants and Special Programs (including administration of student aid programs), and 5 FTE for administrative and communications functions (manage rules, exemptions, tuition and fee reporting, financial aid database, call center operations, data requests, legislative inquiries, committee representation, training and web content) (see Appendix 2).

The THECB estimates that one-half of the time of the Assistant Commissioner for Workforce, Academic Affairs and Research is devoted to community college issues. These time estimates are in addition to the time devoted to community college issues by the Commissioner and other senior staff. The THECB leadership emphasizes that community colleges are a priority, the THECB staff is making concerted efforts to address community college issues (e.g., developmental education, common course numbering, common core curriculum, the Texas Tuning Project and many other initiatives) and the agency has recently expanded its outreach to the community college sector. The Assistant Commissioner for Workforce, Academic Affairs and Research represents Texas at meetings of the National Council of State Directors of Community Colleges (NCSDDC).

### **TACC and CATT**

The Texas Association of Community Colleges (TACC) is a non-profit association that includes all 50 public community college districts in the state. Linked with TACC is the Texas Community College Education Initiative (TCCEI) a non-profit corporation (501-c-3) created in 2003 to promote educational programs and services that benefit Texas higher education. There are currently five TCCEI initiatives: Nelson Award, Achieving the Dream, Early College High School, STARLINK and the Virtual College of Texas. TACC's primary role is advocacy for the interests of member colleges in the appropriations process and on other policy issues affecting community colleges. The Community College Association for Texas Trustees (CATT) is a complementary organization for community college district governing board members.

## **Observations and findings from interviews**

NCHEMS conducted interviews with a cross-section of individuals in order to get a clear picture of the intent of Rider 53 and the context for the development of a blueprint for a state system administration for public community colleges. Interviews were conducted with staff members from the Office of the Governor, Lt. Governor, Speaker of the House of Representatives, key Senate and House committees, the Legislative Budget Board, the Sunset Advisory Commission, community college presidents and trustees representing a diversity of colleges, the staff of TACC and CATT, senior staff at the THECB, leaders engaged in major private-sector initiatives related to community colleges (Educate Texas, the Greater Texas Foundation and the Houston Endowment), the chair of the Texas Business Leadership Council and knowledgeable authorities

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<sup>3</sup> Full-time defined as 2,000 hours per year (see Appendix 2).

on community colleges from the Center for Community College Leadership at the University of Texas at Austin. A full list of those interviews is included in Appendix 3

### **Rider 53**

Rider 53 calls for the development of a blueprint to establish a state system administration for public community colleges. As an elaboration of the language of Rider 53, the RFP outlines the following functions to be performed by a state system of administration for community colleges:

1. Formulate an annual comprehensive statewide Strategic Plan for districts which links broad statewide objectives to specific targets for each district centered on using clear performance goals and milestones;
2. Represent districts' interests in an official capacity to the Legislature, Governor, and other affected state and federal agencies, and represent the state's interests and priorities to districts;
3. Act as an information resource to the Legislature and Governor, providing the Legislature and Governor with impact statements and fiscal note data on the effects of proposed legislation, analysis of proposed substantive fiscal note data on the effects of proposed legislation, analysis of proposed substantive fiscal and policy actions affecting community colleges, and research on issues critical to community colleges and the state;
4. Provide substantive expertise and recommendations to the Legislature and Governor in policy areas such as the creation of a common core curriculum that is completely transferable to all general academic institutions, and the establishment of standardized dual credit agreements;
5. Adopt a leadership role in improving the state's approach to workforce education by aligning district workforce education efforts with the workforce education objectives advocated by private industry as well as state and federal agencies;
6. Provide direct training and/or facilitate the provision of training to community college executive staff and elected board members on matters including the establishment of an internal audit capacity within districts, as well as best practices for fiscal accountability and transparency.

The interviewees added meat to the bones of this stated set of functions. Collectively they are looking for an organization that will:

- Provide the legislature with data/information that deals with unique community college finance issues – wildly different resource generating capacity, financing for students who are in a service career but outside a taxing district – and with differences in financial capacity of community college districts on specific issues (e.g., health insurance proportionality).
- Build the collaborative relationships that will allow the state to leverage the results of the many community college improvement initiatives now underway (many with foundation support) when those initiatives can demonstrate beneficial impact.

### **The Options**

Two existing entities – TACC and THECB – have the technical competence to perform the functions specified in Rider 53. For differing reasons the interviewees external to THECB sent a clear and consistent message: neither of these two entities would be deemed acceptable as the organization assigned the functions indicated in Rider 53. TACC is funded by the community college to represent their interests in the capital in an advocacy/lobbying capacity. The legislators,

legitimately, do not see TACC as an appropriate substitute for the kind of “official” representation they get from the public university system. Most community college presidents interviewed agreed that TACC could not perform the expected functions without losing its effectiveness as an advocacy organization.

Similarly, assigning the stated responsibilities to the THECB was widely viewed by external stakeholders as an unacceptable response to the mandate, at least at this time. Numerous reasons were given during the course of the project, but the bottom line is that important constituents have lost faith in the agency’s ability to play the role of state system administrative body for community colleges and simultaneously successfully fulfill its mission as the oversight agency for all postsecondary education in the state. At one time THECB demonstrated a facility for balancing these responsibilities. But the elimination of the Community College Division and the loss of key staff with resumes that let them speak authoritatively on community college issues – to both the colleges and state leaders – has considerably weakened the credibility of THECB in this realm. This is not to say it cannot be reestablished but it will require deliberate effort over time, not the reassertion of itself onto this stage through accepting the responsibilities enumerated in Rider 53.

With TACC and THECB off the table as acceptable alternatives, what are the remaining options? There are essentially two, although variations on the basic two could conceivably expand the list somewhat. These options are:

1. Create a permanent community college coordinating board, much like those in Washington, Illinois, and California, and relieve the THECB of all responsibilities for serving as the state system of administration for community colleges. The relationship of the THECB to this new entity would be generally the same as relationships with the public university systems. It would essentially create a narrowly focused coordinating board within the aegis of the broader THECB.
2. Create an entity capable of performing all the expected functions, but established as a transitional device for bringing the functions back within the THECB as an identifiable unit once capacity is built and trust reestablished.

We suggest the second of these alternatives for several reasons. First, the experience in other states (Illinois and Washington as the best examples) is that the Community College Board gradually acquires many of the duties of the broader coordinating entity leaving the latter entity to be, de facto, an agency that “coordinates” only four-year institutions. Texas needs more, not less, cohesion across sectors in its higher education policy. The existence of another state agency that would give THECB a reason to ignore community colleges is not a good idea.

Establishing the agency as a transitional device provides a reason to keep the staff small, reduces the likelihood that it will seek (or be presented with) an ever-increasing set of functions, and provides a rationale for a constant focus on policy, not operations. It also avoids adding another agency to the already long list of state agencies and (at least partially) sidesteps political reluctance to expand rather than contract the roster of state agencies. Finally it creates an environment in which the community college entity has a reason to collaborate and build strong working relationships with staff at the THECB. There’s more of an incentive for collaboration if the staff knows they’re destined to become part of the THECB at some point in the foreseeable future; if the entity were to have a permanent life there would be every reason to break ties and acquire as much latitude for independent action as possible.

The specifics of the recommendation are presented in the following sections.

## Conclusions and Recommendations

Based on the lessons from other states and the specific context of Texas, NCHEMS recommends:

- That the long-term goal for Texas should be to organize the functions of a “state system of administration for community colleges” within the framework of the Texas Higher Education Coordinating Board.
- That, pending actions to realign the functioning of the THECB in a manner that demonstrates a clear, consistent and deliberate understanding and commitment to the community college mission, an independent Texas Community College and Workforce Policy Center (“Center”) be established. The Center should be an “interim” entity, pending realignment of the THECB. The center should be a testing ground for the organization of community colleges and other functions within a re-purposed THECB.

The models of the City University of New York, State University of New York and the Tennessee Board of Regents, while the specifics of governance in these states differs from Texas, illustrate how systems that include both universities and community colleges can provide both:

1. Policies to reinforce the distinctive mission of community colleges
2. Policies to ensure seamless student progress through the educational pipeline especially links with the K-12 system, adult education and transfer to four-year institutions – policies which inevitably require statewide implementation and a degree of consistency and alignment between community colleges and universities on key academic policies

In all three of these cases, a focus on the community college mission is achieved not by creating a separate “system” structure but by a combination of leadership at the level of the board and system chancellor, senior leadership with substantial, credible community college experience and a “matrix” approach to ensuring attention to the two points listed above.

Whether an organizational structure works will ultimately depend on leadership at the level of the board and senior executives. Using the State University of New York as an example, whether that system gives appropriate attention to the unique mission of the 30 community colleges depends on whether the SUNY Board of Trustees and Chancellor have a firm understanding of the community college mission and a commitment to that mission as distinct from the often dominant impact of the system’s universities. At times over the past, neither the SUNY board nor the chancellor has had that understanding and commitment with the result that whatever formal structures were in place did not work.

### Design principles

Instead of a formal state system of administration for community colleges, a Texas Community College and Workforce Policy Center should:

- Function within overall coordinating authority of the THECB, including the long-term goals and strategies established in *Closing the Gaps* and the successor strategic plan/public agenda for Texas higher education
- Be organized as an official state agency, not as an organization of institutions
- Provide added value: The center must perform functions that are not already being provided by another entity
- Draw upon and complement, but not duplicate, the THECB information and analytic capacity (information requests to community colleges should be made through the THECB so as not to increase and potentially complicate existing reporting requirements)

- Be closely coordinated with THECB initiatives related to:
  - Design and implementation of outcome-based funding and other reforms in finance policy
  - “Cross-cutting” policies and initiatives related to P-16 relationships (college and career readiness standards, assessments and cut-off scores, developmental education, etc.) and common core curriculum, common course numbering, transfer and related initiatives involving both two-year public institutions and academic universities
- Not be assigned regulatory or program implementation responsibilities, except as delegated by the THECB
- Be organized to have strong links to:
  - The Texas Workforce Commission
  - Private sector and philanthropic initiatives (e.g., Educate Texas, The Texas Community College Education Initiative (TCCEI)) as well as the philanthropic community which is deeply engaged in supporting reforms to improve student success in Texas: The Houston Endowment and the Greater Texas Foundation
- Recognize and respect the authority and responsibility of the community college district governing boards (The “system” model of the university systems cannot be replicated or applied to community colleges).
- Include a small staff with experience and expertise on community colleges (mission, governance, financing, etc.) with an executive director who has substantial, credible experience in community colleges
- Have close links with the policy and analytic staffs concerned with community college issues in the Office of the Governor, Lt. Governor, Speaker, the Legislative Budget Board and the appropriate House and Senate committees (perhaps through a staff-level advisory panel).

### **Functions**

NCHEMS recommends that the Center be assigned some but not all the functions outlined above from the RFP for a “state system of administration.”

1. Formulate an annual comprehensive statewide Strategic Plan:
  - Aligned with *Closing the Gaps* or any successor strategic plan/public agenda
  - Focused on ensuring access to affordable, high-performing community colleges in all service areas of Texas
  - Translating statewide goals (i.e., Closing the Gaps) into expectations (targets and timelines) for community colleges – collectively and individually
2. Communicate the results of objective analyses of community college issues and respond to official inquiries from the Legislature, Governor and other affected state and federal agencies. For example, the community college entity could be the unit that legislative committees request to provide expert, technical testimony (as opposed to the advocacy position of TACC) on community college issues.
3. Act as an information resource to the Legislature and Governor, providing the Legislature and Governor with impact statements and fiscal note data on the effects of proposed legislation, analysis of proposed substantive fiscal and policy actions affecting community colleges, and research on issues critical to community colleges and the state;

4. Provide substantive expertise and recommendations to the Legislature and Governor in policy areas such as:
  - Assessing the differential capacities of community colleges to meet these expectations
    - Resource requirements – assuming efficient and productive operations
    - Capacities of districts to generate the necessary resources
  - Developing recommendations for a new funding relationship between the state and community colleges – a relationship that:
    - Ties state funding contributions to achievement of state goals
    - Addresses the capacity issues identified (see prior point)
    - Develops recommendations for ensuring affordability of a community college education
    - Finds alternative ways to fund the out-of district tuition differential – maintaining a level playing field for students
    - Provides need-based aid for community college students
  - Producing an annual community college accountability report, including:
    - Contributions to state goals – are targets being met?
    - Productivity/efficiency of the enterprise
  - Providing diagnostic information that allows the pinpointing of the leverage points for greatest improvements
5. Analyze the workforce needs of each of the state’s regions, in partnership with the Texas Workforce Commission, and make recommendations for policies to improve the link between community colleges and the needs of employers within their service areas.
6. Serve as a link with private sector/philanthropic initiatives related to community college issues in order to:
  - Ensure state initiatives complement those of the private/philanthropic sector
  - Evaluate pilot and other projects to identify best practices that need to be brought to scale and extended throughout the community college sector
  - Recommend state policies necessary to bring to scale and sustain successful reforms initiated through private sector/philanthropic support

NCHEMS does not recommend that the new entity be assigned responsibility for several functions listed in the RFP:

- Represent districts’ interests in an official capacity to the Legislature, Governor and other affected state and federal agencies, and represent the state’s interests and priorities to districts. Because of the local governing structure of the community colleges as contrasted with the university systems, the function of “representing the interests of the community colleges” is more appropriately carried out by an advocacy organization such as TACC. Nevertheless, as noted above, the legislature could look to the new entity to provide expert, technical testimony on community college issues. For example, the entity might be requested to provide testimony on the gaps in affordable access to community college services in parts of services areas outside taxing districts, on differences among districts in sources of revenue and financial viability, or on differences among districts in performance related to state goals.

- Provide substantive expertise and recommendations to the Legislature and Governor in policy areas such as the creation of a common core curriculum that is completely transferable to all general academic institutions, and the establishment of standardized dual credit agreements. The listed areas are all “cross-cutting” issues related to the educational pipeline and require extensive engagement of the academic universities. These issues are appropriately handled by the THECB in collaboration with both the community colleges and universities.
- Provide direct training and/or facilitate the provision of training to community college executive staff and elected board members on matters including the establishment of an internal audit capacity within districts, as well as best practices for fiscal accountability and transparency. Operational/project management responsibilities such as providing direct training and/or facilitating the provision of training are likely to be beyond the staff and funding capacity of the Center. Foundation-supported initiatives are already underway in Texas to address some of these needs.<sup>4</sup> These functions should be carried under the leadership of the THECB (consistent with its current statutory responsibilities), and conducted in partnership with existing foundation-funded projects and both TACC and CCATT.
- Adopt a leadership role in improving the state approach to workforce education. This function is beyond the planning and policy analytic roles of the new entity. However, as noted above, the entity should be assigned the function of analyzing workforce needs and making recommendations on better alignment of community colleges with workforce education objectives advocated by private industry as well as state and federal agencies.

### **Governance**

NCHEMS has explored several alternatives for organizing the “Center” in a manner that meets the design criteria listed above. One alternative would be to:

- Organize the Center as an independent agency with a defined lifespan (e.g., not longer than four years or until such time as changes are made in the mission and structure of the THECB that encompass the functions performed by the center)
- Establish a governing board to include members appointed by the governor to include: (1) a majority of “public” members (knowledgeable about community colleges but not employed by or in an official capacity at a college or university) and representatives of the major philanthropic organizations supporting reform on community college issues (2) representatives of the THECB and Texas Workforce Commission
- Charge the Board with responsibility to appoint the Center’s executive director and ensure that the Center focuses on its mission, maintains effective communications with key stakeholders and carries out its functions in coordination with the THECB and other public and private entities.

The relationships with other entities would be

- In relationship to the THECB:
  - Function as an independent entity carrying out its responsibilities in collaboration with the THECB but not subject to the authority of the Commissioner and the THECB

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<sup>4</sup> Board of Trustees Institute (BOTI) and Governance Institute for Student Success (GISS) being carried out through the Student Success Initiative and the Center for Community College Student Engagement, University of Texas at Austin.

- Conduct studies and develop recommendations/proposals within the goals/policy context established by THECB
- Rely on THECB for provision of necessary data. Make the case to THECB for data not currently being collected.
- Provide a technical, specialized perspective on community college issues on THECB Advisory Groups – comparable to other Systems (not in an advocacy role but as a source of expertise).
- In relationship to the community colleges:
  - Be seen as an objective source of analysis of community college issues by an entity whose staff has recognized expertise related to this sector.
  - Take initiative in developing policy reports on key community college issues – but seek input on these reports
- In relationship to the Legislature
  - Provide information
  - Respond to requests
  - Testify before legislative committees by providing professional/technical expertise on community college issues
  - Frame long-term issues related to community college issues that need to be addressed in Texas to meet its goals
- Foundation-supported statewide community college reforms
  - Increase communication between state and foundation supported initiatives
  - Undertake independent evaluations of pilot projects to identify best practices that should be brought to scale and supported by state policy

### **Staffing**

- Executive director/lead policy analyst with substantial experience and credibility in the community college sector and strong analytic and communication skills
- One additional Policy Analyst
- Three data analysts
- One support staff

The Executive Director should be someone with widely recognized community college credentials – he/she should have “street cred” among both legislators and community college leaders. The individual should be someone not currently in the employ of the THECB. Other staff could be detailed from the THECB.

### **Financing**

Total costs are estimated at no more than \$1.5 million per year. These costs could be covered by a combination of:

- Reallocation of positions from the THECB
- Partnerships with Educate Texas and other foundation-supported initiatives for policy analysis and planning capacity
- Direct appropriations from the legislature

## **Appendices**

## Appendix 1 - Patterns of State Coordination and Governance of Community Colleges and Other Two-Year Institutions

State	State Board of Education <i>Coordinates and Regulates Community Colleges</i>  States=6	Consolidated Governing Board for Both Two- and Four-year institutions <i>Governs Community Colleges</i>  States = 17	Coordinating Board for All Higher Education <i>Coordinates Locally Governed Community Colleges</i>  States = 10	Independent State Board <i>Coordinates Community Colleges and/or Technical Institutions</i>  States = 7	Independent State Board <i>Governs Community Colleges and/or Technical Institutions</i>  States = 15	Four-year Institutions have Two-year Branches  States = 11	Postsecondary Technical Institutes Organized Separately From Community Colleges  States = 12	Some Four-year Institutions Offer Associate Degree Programs  States = 19
Alabama	X (1)						X (1)	X
Alaska		X (2)				X (2)		X (2)
Arizona								
Arkansas			X			X		X
California				X				
Colorado				X (3)	X (3)			
Connecticut					X			
Delaware					X			
Florida	X (4)			X (4)			X (4)	
Georgia		X			X(5)			
Hawaii		X						
Idaho	X (6)	X (6)					X (6)	X (6)
Illinois				X				
Indiana					X (7)	X (16)		X
Iowa	X							
Kansas		X (17)						X
Kentucky					X			X
Louisiana					X	X		X
Maine					X			X
Maryland			X					
Massachusetts		X						
Michigan	X (18)							X
Minnesota		X						
Mississippi				X				
Missouri			X				X	X
Montana		X (11)						
Nebraska			X (12)					
Nevada		X						
New Hampshire					X			
New Jersey			X				X (13)	

State	State Board of Education Coordinates and Regulates Community Colleges States=6	Consolidated Governing Board for Both Two- and Four-year institutions Governs Community Colleges States = 17	Coordinating Board for All Higher Education Coordinates Locally Governed Community Colleges States = 10	Independent State Board Coordinates Community Colleges and/or Technical Institutions States = 7	Independent State Board Governs Community Colleges and/or Technical Institutions States = 15	Four-year Institutions have Two-year Branches States = 11	Postsecondary Technical Institutes Organized Separately From Community Colleges States = 12	Some Four-year Institutions Offer Associate Degree Programs States = 19
New Mexico			X (19)			X	X	X
New York		X (14)						
North Carolina					X			
North Dakota		X						X
Ohio			X			X	X	X
Oklahoma			X		X	X	X	
Oregon	X							
Pennsylvania			X			X	X	X
Rhode Island		X						
South Carolina					X (15)	X		X
South Dakota							X	X
Tennessee		X						
Texas			X			X	X	X
Utah		X (21)					X (21)	
Vermont		X						
Virginia					X			
Washington				X				
West Virginia					X			X
Wisconsin					X	X		
Wyoming				X				
Puerto Rico		X						
District of Columbia		X						

- (1) Community Colleges and technical institutions are both under jurisdiction of the State Board of Education, but organized separately.
- (2) Only one campus functions as a community college, other former community colleges have been integrated with regional UA institutions.
- (3) Colorado Board is a governing board for state-operated community colleges and coordinating board for locally governed colleges.
- (4) State Board of Education's jurisdiction includes both the coordinating board for community colleges and the administrative entity for technical institutions but these units function separately.
- (5) Technical College System of Georgia.
- (6) Idaho State Board is responsible for all levels of education, including coordinating two local governed community colleges, governing universities that have community college missions and the technical colleges.

- (7) Ivy Tech Community College Board of Trustees.
- (8) State Department of Education coordinates locally governed community colleges and administers the state operated technical institutions
- (11) Board of Regents has a coordinating responsibility for local community colleges. Former vocational/technical centers are now linked to one of the two universities.
- (12) In addition to the formal role of the coordinating board, a state association performs a voluntary coordinating role for the locally governed community colleges.
- (13) Vocational-technical institutions are under the authority of the Department of Education.
- (14) SUNY includes both community colleges that are partially financed at the county level, as well as five state-funded colleges of technology. CUNY includes several community colleges.
- (15) State Board of Technical and Comprehensive Education.
- (16) Indiana University branches transitioning to four-year campuses.
- (17) Kansas Board of Regents governs four-year institutions but coordinates locally governed community colleges.
- (18) Michigan Department of Education has limited authority to only approve certain career and technical programs as recommended by local community colleges
- (19) Statewide coordination by New Mexico Department of Higher Education
- (20) Community colleges and technical institutes/colleges are both under the state Board of Regents but function separately.
- (21) Utah College of Applied Technology and community colleges are both under the State Board of Regents but function separately.

## Appendix 2 – THECB Estimated Hours and FTE Required for Related to Community Colleges per Year

DIVISION	ACTIVITY	NUMBER OF HOURS REQUIRED PER YEAR	
WAAR	WECM (Workforce Education Course Manual)	863	0.4
WAAR	ACGM (Academic Course Guide Manual)	907	0.5
WAAR	CC Advisory Committee	57	0.0
WAAR	Perkins Basic Grants	2809	1.4
WAAR	Perkins Leadership Grants	1418	0.7
WAAR	Rider 53	10	0.0
WAAR	Core Curriculum	790	0.4
WAAR	Transfer Compacts	332	0.2
WAAR	Learning Outcomes	446	0.2
WAAR	Low-Producing Programs	615	0.3
WAAR	Existing Degree Program Review	210	0.1
WAAR	New Certificate and Degree Requests	768	0.4
WAAR	Degree Program Inventory	538	0.3
WAAR	GIPWE	1377	0.7
WAAR	Distance Education	440	0.2
WAAR	Branch Campus Maintenance Tax Review	10	0.0
WAAR	Unique Need Course Requests	78	0.0
WAAR	Nursing Education	110	0.1
WAAR	TSTEM Scholarship Grants	910	0.5
WAAR	Tobacco Funds	22	0.0
WAAR	Professional Development Modules	159	0.1
WAAR	Transfer Issues	327	0.2
WAAR	Bacterial Meningitis	358	0.2
WAAR	Common Calendar	10	0.0
WAAR	Rules Development	560	0.3
WAAR	Dual Credit	182	0.1
WAAR	Early College High Schools	18	0.0
WAAR	Community College Transfer Report	360	0.2
WAAR	Hospital-Based Nursing Education Grants	220	0.1
WAAR	Assistant Commissioner	1000	0.5
WAAR	Administrative Technician	983	0.5
PNA	EDC Data Collection	5480	2.7
PNA	Formula and finance	2648	1.3
PNA	Data Analysis (Dual Credit, Dev Ed, Accountability)	4500	2.3
PNA	Evaluation of CC related programs	4270	2.1
PNA	Perkins	5750	2.9
P16	Developmental Ed Demo Projects - 1.5 FTE	3000	1.5
P16	Dev Ed Program Survey - .5 FTE	1000	0.5
P16	Accelerated Dev Ed Projects - .25	500	0.3
P16	Complete College America - .5 FTE	1000	0.5

P16	External Evaluator (DEDP, TX A&M) - .25 FTE	500	0.3
P16	Adult Basic Education Innovation Grants - 1.5 FTE Intensive College Readiness Programs for AE - .50 FTE	3000	1.5
P16	Transitions Project (AE) - .25 FTE	1000	0.5
P16	Jobs For the Future (Tech Assistance CTC) - .25 FTE	500	0.3
P16	External Evaluator (IPAES- CTC) - .25 FTE	500	0.3
P16	External Evaluator (ABE-IG, CTC) - .25 FTE AVID Postsecondary and AVID Work Study	500	0.3
P-16	Mentorship	940	0.5
P-16	Regional College Readiness Special Advisors	220	0.1
P-16	Comprehensive Student Success Program	800	0.4
P-16	Pathways Project	220	0.1
P-16	P-16 Councils	720	0.4
GSP	Manage TEOG, TEXAS Grant, Work study, & Top 10% Scholarship	4,000	2.0
GSP*	Manage rules, exemptions, tuition and fee reporting, financial aid database, call center operations, data requests, legislative inquiries, committee representation, training, and web content (not all inclusive but representative).	10,000	5.0
	* For programs exclusive of TEG and the two FTEs attributed to direct programs, community colleges represent ~55% of our institutional support and would require proportionally an equivalent number of staff to provide self sufficient operational and organizational support in a new board structure (55% * 9.5FTEs = 5 FTEs rounded).		0.0
	<b>TOTAL HOURS FOR AGENCY</b>	68435	34.2
	FTE (Based on 2000 hours/year)	34.2175	

## Appendix 3 – List of Interviewees

Name	Office
John Opperman	Lt Governor' office
David Young	Governor's Office
Andrea Sheridan	Speakers office
Andrew Blifford	Senior Budget Advisor to the Speaker
Amy Peterson	House Committee on Appropriations
Hunter Thompson	Appropriations - S/C
Aaron Gregg	Rep Pitts' Office
Porter Wilson	Senator Duncan's Office
Daniel Harper	Senator Ogden's Office
Sarah Hicks	Senator Ogden's Office
Candice Woodruff	Rep Branch's Office
Ray Martinez	Sen Zaffirini's Office
Wayne Pulver	Legislative Budget Board
John Wielmaker	Legislative Budget Board
Rick Travis	Legislative Budget Board
Ken Levine	Director, Sunset Advisory Commission
Ginny McKay	Sunset Advisory Commission
Sarah Kinkle	Sunset Advisory Commission
Karen Latta	Sunset Advisory Commission
Rey Garcia	Executive Director, TACC
Lisa Barsumian	Executive Director, CCATT
Richard Rhodes	ACC / Past TACC Chair
Erma Johnson-Hadley	Tarrant County Community College District
Bruce Leslie	Chancellor of Alamo Colleges

Bill Holda	Kilgore College
Shirley Reed	South Texas College
William Campion	Ranger College
Pam Anglin	Paris Junior College / TACC Executive Committee
Wright Lassiter	Dallas Community College District / TACC Executive Committee
Brenda Hellyer	Chancellor of San Jacinto College / Past TACC
Glenda Barron	Temple / TACC Executive Committee
Greg Williams	Odessa College / TACC Executive Committee
Molly Beth Molcolm	Chair, CCATT Board / Texarkana Board of Trustees

Roberto Zarate	Alamo CCD Board of Trustees
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Raymund Paredas	Commissioner of Higher Education
Linda Battles	
MacGregor Stephenson	
David Gardner	
Susan Brown	
Judith Loreda	
Lynette Heckman	

John Fitzpatrick	Educate Texas
Wynne Rosser	Greater Texas Foundation
George Grainger	Houston Endowment
Jeff Kutash	FSG Strategies

Woody Hunt	Texas Business Leadership Council
Kay McClenney	University of Texas at Austin, , Director Student Success Initiative
Byron McClenney	University of Texas at Austin, Community College Leadership Program Director, Center for Community College Student Engagement