

LB 340 Community College Study

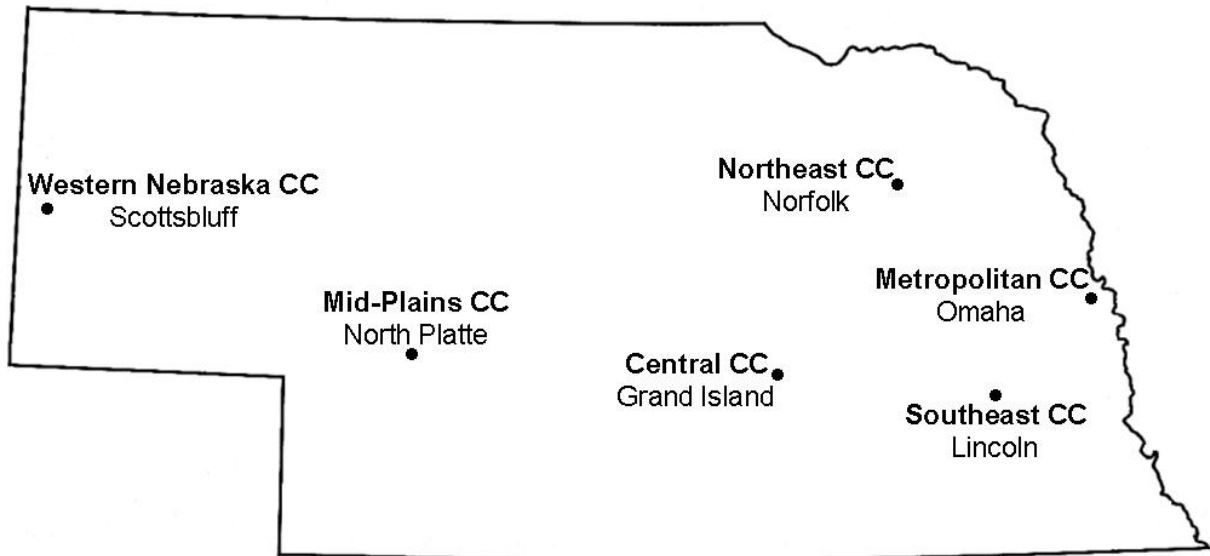
EXECUTIVE SUMMARY

Prepared by
Nebraska's Coordinating Commission for
Postsecondary Education
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Nebraska Community Colleges



LB 340 Community College Study Executive Summary

Background of the study

The 101st Nebraska Legislature, in LB 340, assigned to the Coordinating Commission for Postsecondary Education a study of several aspects of Nebraska's community colleges. Those aspects were:

- 1) the need for changes to the colleges' existing statutory role and mission;
- 2) changes in the weighting of courses that may be necessary for reimbursable educational units to properly reflect the role and mission of Nebraska community colleges and the cost of providing such courses;
- 3) powers, duties and mission of the Nebraska Community College Association or its successor and whether membership in such an organization should be required;
- 4) consequences for failing to satisfy current community college association requirements contained in section 85-1502 of Nebraska Statutes; and
- 5) state coordination of community colleges in the absence of a community college association or membership therein.

Introduction

America's community colleges enroll about seven million students in the fall and 10 million throughout the year, making them the largest sector of American higher education. And, as envisioned by President Harry S. Truman's Commission on Higher Education 62 years ago, they remain institutions of choice (or necessity) for many students. Less-affluent students, in particular, benefit from lower costs. Students (and families) of all income levels see an opportunity to complete two years of a four-year degree at significantly lower cost than at a four-year institution. Under-prepared students in particular receive more focused attention than they might in institutions with higher expectations for student preparation. And students who know that they want to be auto mechanics, veterinary assistants, or computer network technicians find a ready, clear and fairly short path to those and other occupations.

Projections vary, but it appears that by 2012, 90 percent of the country's fastest-growing jobs, 60 percent of all new jobs, and 40 percent of manufacturing jobs will require some form of postsecondary education.

Beyond the requirements of the workforce, living well, understanding and contributing to the solution of increasingly complex social and environmental problems, and meeting responsibilities to ourselves, our families, and our nation require as much knowledge capital as we can assemble. If retiring, well-educated Baby Boomers are not replaced by equally well-educated citizens, we face erosion of that capital. At present, we are not meeting that requirement.

There is now national consensus that community colleges must play a major role in ensuring that the United States has a population educated to the extent necessary for success in an increasingly competitive, global, and knowledge-based economy. That consensus has developed among higher education policy leaders, analysts and consultants, and state and national government. It is clear that community colleges must continue to play such a role in Nebraska.

The role and mission of Nebraska's community colleges

The Legislature has asked the Coordinating Commission to recommend whether changes should be made to the statutory role and mission of Nebraska's community colleges. Nebraska has six community college areas, each overseen by a locally elected board of governors. In the fall of 2008, headcount enrollment for the six colleges was 43,146 students, making them the second-largest sector of Nebraska postsecondary education.

Before addressing any need for changes, the Coordinating Commission reviewed role and mission provisions for community colleges in 14 states. Midwestern states, states with recent policy initiatives, and states with particularly mature community college systems were chosen for close investigation.

Community college practices are largely common throughout the country. Except for Nebraska's inclusion of applied research, the roles and missions assigned to Nebraska's community colleges are consistent with assignments to community colleges in many other states. Nebraska community colleges' major responsibilities – career/technical education, foundations education (often called developmental or remedial education), courses and two-year programs designed for transfer to four-year institutions, adult basic education, training and support for business and economic development, and personal enrichment courses – are common assignments for community colleges in our region and throughout the country. That commonality likely exists because those responsibilities directly respond to widely acknowledged needs, needs that community colleges are well positioned to fill.

Compared to those of the closely examined states, Nebraska's role and mission statutes are remarkably clear in laying out the responsibilities of its community colleges. Nebraska's degree of direction is helpful, especially because it identifies and places foremost the colleges' responsibility for delivering career/technical education, the activity that most differentiates Nebraska's community colleges from other sectors of public postsecondary education. The Coordinating Commission agrees with the existing priorities.

Nebraska's community colleges each address their statutorily assigned responsibilities. Because the colleges and their service areas vary by size, environment (rural, urban), student demographics, community size, and other characteristics, one would expect each responsibility to represent varying degrees of each college's total workload. That is indeed the case. Nevertheless, the colleges continue to emphasize their assigned first priority of career and technical education. Although career/technical education makes up a *different percentage* of each college's instructional activity, it is the largest category of instruction offered by each college and for the six colleges as a group.

Summary and recommendations — role and mission

- The Coordinating Commission finds that the existing role and mission statutes for Nebraska's community colleges are centered within national practice, appropriately comprehensive, responsive to the state's needs, and helpful in establishing priorities. Yet it has been 16 years since most of these statutes were last revised, and it is timely to consider a few additions that address changing conditions and needs within the state.
- The Coordinating Commission recommends adding the following points to the community colleges' statutory role and mission provisions:
 - Encourage the community colleges to continue cooperation with the state's elementary and secondary schools to improve student preparation for college and the workforce;
 - Encourage the community colleges to continue offering appropriate dual enrollment/dual credit courses to students in their areas, with special attention to enabling full participation by low-income students;
 - Encourage the community colleges to adopt proven or promising approaches to meeting the remedial and foundations education needs of their students and to develop transparent reporting of outcomes.
- The Coordinating Commission recommends that appropriate instruments be developed to measure the colleges' effectiveness in addressing their role and mission assignments. Particular attention should be given to metrics that directly relate to student success. The Legislature should direct the Coordinating Commission, working with the colleges, to create, adopt, and report such measurements to the Legislature in the Commission's *2011 Higher Education Progress Report* and annually thereafter.

Coordination of Nebraska's community colleges

In Nebraska, statewide coordination duties for all public sectors of postsecondary education have been assigned to the Nebraska Coordinating Commission for Postsecondary Education by the state constitution and state statutes. These coordinating responsibilities apply to all public postsecondary sectors. In addition, state statutes specify that coordination of the community colleges by the Coordinating Commission be conducted through an association of the community college boards, and further, that such association shall provide a variety of coordination services affecting the six community colleges. The Nebraska Community College Association is currently fulfilling that role.

The Coordinating Commission carries out several key duties that affect Nebraska's community colleges, as well as other higher education sectors. Those duties include: creating and maintaining a statewide comprehensive plan for Nebraska higher education; approving or denying the offering of new academic programs and the continuation of existing ones; approving or denying of facilities proposals that rely on tax funds; reviewing and modifying budget requests of four-year public institutions; administering Nebraska's need-based financial aid programs; conducting research and publishing reports on postsecondary education; and making recommendations to the Governor and Legislature on institutions' budget requests.

Nebraska Statutes acknowledge the benefits of statewide coordination and collaboration, set forth mechanisms (the Coordinating Commission and tasks assigned to an "association"), and distinguish among: 1) statewide coordination, 2) coordination and collaboration among the community colleges, and 3) governance of each community college.

The Commission is not aware of any other state that statutorily assigns any state coordination responsibilities to a non-governmental association comprised of and funded by the colleges themselves. The Board of Directors of the Nebraska Community College Association is comprised of two representatives from each of the six colleges' locally elected boards

of governors. That structure naturally tends to reinforce institutional, rather than statewide, interests.

In other states, coordination “services” contained in Nebraska statutes are typically carried out by entities directly established and funded by state government. The limited duties assigned to the “association” by Nebraska Statutes are among the range of tasks commonly assigned to statewide community college coordinating boards, as found in about a dozen states, or statewide community college governing boards, found in eight states, or to statewide higher education boards (11 states).

Summary and recommendations — coordination and related topics

The Coordinating Commission finds that mechanisms for statewide coordination of community colleges vary widely across the country, demonstrate no particular dominance of one approach over another, and change with some frequency. It also finds that Nebraska’s approach to state coordination of community colleges is shared by no other state. Specifically, we are unaware of any other state that assigns any role in state coordination of community colleges to a non-government entity made up of representatives of the colleges themselves.

The Commission supports local governance of the community colleges. But the Commission finds that the state and its citizens would benefit from more effective statewide coordination of certain of the colleges’ activities. Achieving those goals appears to be a reasonable expectation and benefit, given the state’s provision of significant amounts of state aid to the colleges (\$88.6 million in FY 2008-2009). Issues that would benefit from greater coordination include: legislatively-intended allocation of state aid among the six community colleges; effective remedial and foundations education by the community colleges; and the creation, monitoring, and reporting of appropriate measurements of community college performance and student success.

Consequently, the Commission recommends the following:

- *Governance.* The community colleges’ boards of governors should continue to carry out their current governance functions.
- *Coordination.* The Coordinating Commission’s existing duties and responsibilities in regard to the community colleges and their statewide coordination should be retained. Responsibility for state coordination of the following three limited tasks relating to community colleges should be assigned to a state entity or entities.
 - Legislatively-intended allocation of state aid among the six colleges
 - In addition to clarifying terms and processes in the current allocation methodology, the Legislature should assign certain on-going responsibilities to a state entity to support the integrity of the formula. These include the authority to ensure that academic courses receive the appropriate “weighting” (if that methodology is continued) and that periodic reviews of the appropriateness of those weightings are car-

ried out. If the state moves from a course-weighting system to a program-weighting system, as the Commission recommends, that approach will require similar oversight and review. If courses remain the unit of weighting, a state entity should be given explicit authority to oversee and approve the assigning and periodic review of course weights.

- Authority to resolve disputes and to ensure accurate reporting of data should be provided some state entity, perhaps the Department of Revenue, which currently has responsibility for administering formula calculations.

- Effective remedial and foundations education
 - Estimates of national remediation rates at public two-year institutions range from 42% to 61%. Nebraska's community colleges have acknowledged similar percentages for their entering students. A state entity should be given authority to coordinate approaches to this work to ensure the application of proven or promising practices to the problem and the reporting of foundations education effectiveness.

- Creation, monitoring, and reporting of appropriate measurements of community college performance and student success
 - The Commission recommends that appropriate instruments to measure the community colleges' performance in response to their role and mission assignments be developed and results periodically reported to the Legislature and Governor. Measurements should be comprehensive (though limited in number), developed with the full participation of all community colleges, and collected and reported for each of the community colleges. A state entity should be provided the explicit authority and additional resources needed to carry out these tasks.

Who should carry out these additional coordinating tasks?

Additional responsibilities for state coordination of community colleges should be assigned to a state entity. We urge that the state give serious consideration to creating a statewide community college council to carry out that limited but important purpose. Such a council would provide an organizational parallel to the boards that currently govern the University of Nebraska and the Nebraska State College System, but it would have fewer responsibilities and less authority over the community colleges than those boards do over the institutions they govern. The locally controlled boards would continue to have the authority to set tuition and fees, set local property tax levies, hire presidents, and carry out other specific, locally controlled governing functions.

A statewide community college council should have a statewide perspective, reinforced through having its membership include responsible individuals appointed by the Governor and confirmed by the Legislature. Such a council could be funded through the annual re-allocation of less than one percent of the state's annual provision of state aid to the community colleges. This council approach would maintain primacy of the Coordinating Commission's charge to ensure statewide coordination across postsecondary sectors and avoid what could be perceived as conflicts of interest between responsibilities affecting *all* public sectors and special responsibilities and relationships affecting only the community colleges. If the Legislature chooses this approach, the Coordinating Commission would be pleased to provide assistance to that new entity.

If the Legislature does not favor that approach at the present time, the Commission recommends that the Commission be provided additional, specified authority (and sufficient additional resources) to at least *temporarily* carry out, while working closely with the colleges, the additional statewide coordination tasks identified in this report: aspects of the provision of state aid to community colleges; expectations for college readiness and the provision of foundations education; and appropriate measurements of community college performance and student success. *The Commission strongly emphasizes that it would need additional resources to add that work to its current responsibilities.* Regardless of the choice the Legislature makes on this question of what entity should carry out additional coordinating duties, the Commission recommends that the effectiveness and workability of the chosen approach be evaluated after a reasonable period of time, perhaps three years.

- *Nebraska Community College Association.* At the determination of the colleges themselves, the NCCA, or any similar successor association, should continue to promote cooperation among the colleges, find meaningful ways for the colleges to share information and work together in the best interests of the state and its citizens, and perform other tasks the association's members find useful. The colleges should choose for themselves whether they wish to be members.

Potential changes to the ‘weighting’ of courses in the community college funding formula

Funding sources for Nebraska’s community colleges

State funding is one of several funding sources available to Nebraska’s community colleges. Each institution’s tuition, fees, and property tax revenue are direct funding sources; funds raised locally stay with the institution.

Each institution also receives state aid, allocated through a formula. *One aspect* of the formula attempts to reconcile the available resources of an institution (its tuition, fee and property tax revenue) with the resources necessary to provide a reasonable range of services to the population served by each college. Nebraska’s community colleges vary widely in size (and, therefore, in tuition and fee revenue) and in their ability to raise property tax revenues. The current approach, overall, is to allow each college to retain all revenues it raises locally through tuition, fees, and property taxes. Those retained funds do, however, figure into the calculation of state aid each college receives.

Formulas are used in 40 states to allocate among individual colleges the funding that legislatures provide to support their state’s community colleges. Generally, formulas do not determine the total funding amount that a legislature chooses to provide; rather, once that total amount is set by a legislature, formulas are often used to determine how much of that total amount each institution is to receive. A common element of formula funding involves determining how much it costs colleges to offer the instruction and other services they provide. The state then uses that information, often along with other data, to build formulas that will determine how much state funding to provide each individual college.

Some states do these cost studies every few years. Other states rely heavily on work done in other states. Stated as simply as possible, these approaches identify what it costs a college to offer various types of instruction, assign “weights” (in Nebraska terminology) to those courses, and multiplies that cost by the number of students served over a specified time period.

Nebraska currently establishes in statutes three weighting categories for the various courses offered by its community colleges: These weighting categories have been in place for many years and were developed through assumptions about and general estimates of the differential costs of providing the three categories of instruction. Until prompted by LB 340, no cost study had been done in Nebraska to verify that the weighting categories are the appropriate ones to use and that the funding ratios/weights are backed up by an examination of actual costs.

To respond to the Legislature's directive regarding course weightings, the Commission developed a cost study, with data compiled by each community college and submitted to the Commission. Prior to designing the data-gathering methods for the cost study, the Commission closely examined cost studies and other documentation supporting formula-driven allocations to community colleges in 16 states; the Commission looked less closely at the approaches of several additional states. The Commission's cost study design utilizes what we believe are the best aspects of several states' studies. As do other states, we have taken a program-based approach, rather than an approach based on courses. That has allowed some degree of comparison with other states' results. The Commission's analysis focused on determining, as nearly as possible, the actual costs of providing reimbursable instructional programs (not all instructional activities of the community colleges qualify for state support), based on data provided by the colleges.

Cost study findings

The state's three weighting categories are not fully supported by an examination of actual costs incurred by programs. Although analysis on a program level will, of course, differ to some degree from analysis done at a course level from the program data submitted by the colleges, it is clear that some programs (and, therefore, many of the courses that comprise them) are weighted inappropriately by the three-category system. Some programs have costs that are higher than the relative weights currently assigned to the courses that comprise them; some have costs that are lower. Nevertheless, the Commission believes the state is correct in including in the state aid formula a mechanism to account for the varying costs of various types of instruction. At a more fundamental level, the weights currently assigned to some courses in the *Combined Course List* maintained by NCCA are inconsistent with the statutory descriptions that accompany those weights. While the current three weighting categories are admirably simple and based on reasonable assumptions, the cost data supplied by the institutions indicate that the three weightings do not capture the full, relative range of institutional costs.

Summary and recommendations — weighting

To respond to the Legislature's questions about possible modifications to the course weightings used in the current calculations of state aid to Nebraska's community colleges, the Coordinating Commission, working with the colleges, carried out a study to determine the instructional and administrative overhead costs of providing the reimbursable instructional programs offered by the institutions. This was a first-time exercise for the colleges and presented numerous challenges in the collection and analysis of data. Nevertheless, the Commission finds that the available data, and the Commission's other research on these issues, provide a sufficient basis from which to make the following recommendations.

- The Legislature should continue to include in the state aid formula a mechanism to take into account the varying costs of offering different types of instruction.
- The Legislature should consider replacing its current weighting system with a system based on *programs* rather than *courses*. The federal government's CIP codes should be used to categorize those programs.
- Programs should be assigned to one of six "bands," each associated with a weight applicable to all programs within the "band." Recommended "bands" and the programs that comprise them are listed on this page.
- The Legislature should direct that an updating of the cost study be done every four years; updating should be done prior to every other biennial budget consideration of the Legislature. The Commission recommends that the Legislature at some point fund a comprehensive cost study that would be done by an external entity with broad experience in doing such work for states and postsecondary systems. That more comprehensive approach could provide greater assurance that comparable data were collected from each college and therefore yield better data on which analyses, recommendations, and funding decisions could be based.
- If the Legislature moves to a program-based weighting system, as recommended in this report, the is-

Recommended weight ranges

6-Digit CIP Code	Name of Program	Assigned Weight
51.1004	Medical Laboratory Tech.	2.16
52.1907	Vehicle & Vehicle Parts & Accessories Marketing Operations	
51.0602	Dental Hygienist	
12.0401	Cosmetic Serv., Gen.	
41.0101	Biological Technol./Tech.	
51.1601	Nursing (R.N. Training)	
10.0202	Radio & Television Broadcasting Technology/ Technician	1.90
47.0609	Avionics Maintenance Technology/Technician	
51.0908	Respiratory Therapy Tech.	
51.0806	Physical Therapy Assistant	
51.1613	Practical Nurse (L.P.N. Training)	
47.0604	Auto/Automotive Mechanic/Tech.	1.68
47.0803	Auto/Automotive Body Repairer	
51.0801	Dental Assistant	
09.0702	Digital Communication and Media/Multimedia	
46.0303	Lineworker	
15.0201	Civil Engr. Civil Technol./Tech.	
48.0501	Machinist/Machine Technologist	
51.1699	Nursing Oth.	
47.0805	Diesel Engine Mechanic & Repairer	
51.0909	Surgical/Operating Room Tech.	1.48
49.0205	Truck, Bus & Oth. Commercial Vehicle Operator	
15.1301	Drafting and Design Technology/Technician, General	
46.0499	Construction & Building Finishers & Mgrs., Oth.	
15.0303	Electrical, Electronic & Comm. Engr. Technol./Tech.	
51.0808	Veterinarian Assistant/Animal Health Technician	
47.0201	Heating Air Conditioning & Refrigeration Mechanic & Repairer	
48.0508	Welder/Welding Technologist	
15.0701	Occupational Safety & Health Technol./Tech.	
19.0101	Home Economics, Gen.	
51.0805	Pharmacy Tech./Assistant	
51.0907	Medical Radiologic Technol./Tech.	
49.9999	Transportation & Materials Moving Workers, Oth.	
01.0601	Horticulture Serv. Op. & Mgmt., Gen.	
48.0303	Upholsterer	
01.0101	Agricultural Business & Mgmt., Gen.	
15.1303	Architectural Drafting and Architectural CAD/CADD	
15.0813	Manufacturing Technology/ Technician	
50.0406	Commercial Photography	
46.0302	Electrician	1.22
36.0101	Leisure and Recreational, General	
50.0502	Technical Theater/Theater Design & Stagecraft	
16.0103	Language Interpretation and Translation	
11.0101	Computer & Information Sciences, Gen.	
24.0101	Liberal Arts & Sciences/Liberal Studies	
52.0401	Administrative Assistant/Secretarial Science, Gen.	
12.0504	Food & Beverage/Restaurant Op. Mgr.	
50.0408	Interior Design	
47.0303	Industrial Machinery Main. & Repairer	
50.0402	Graphic Design, Commercial Art & Illustration	
15.0702	Quality Control Technol./Tech.	
51.1503	Clinical & Medical Social Work	
51.0904	Emergency Medical Technol./Tech.	
22.0302	Legal Assistant/Paralegal	
51.0707	Medical Records Technol./Tech.	
25.0301	Library Assistant	1.00
47.0606	Small Engine Mechanic & Repairer	
46.0401	Building/Property Main. & Mgr.	
19.0708	Child Care and Support Services Management	
51.9999	Health Professions & Related Sciences, Oth.	
32.0101	Basic Skills	
51.0801	Medical Assistant	
80.0001	Academic Transfer (subtotal 801001...802001)	
52.0201	Business Administration & Mgmt., Gen.	
43.0104	Criminal Justice Studies	
43.0203	Fire Science/Firefighting	
75.0001	Remedial Education (subtotal 751001...753001)	
16.0101	Foreign Languages & Literatures Gen.	
18.1803	Sign Language Interpretation and Translation	

sue of inaccurate course weightings in the *Combined Course List* becomes irrelevant. However, if the Legislature does *not* move to a program-based weighting system, the Legislature should direct that the Coordinating Commission, or some other agency assigned coordinating authority by the Legislature, working closely with the community colleges, review and approve the weights assigned to courses in the *Combined Course List*. That review and approval should be completed as soon as possible. CIP designations in the *List* should be corrected regardless of any modifications the Legislature does or does not make to the formula.

- The Legislature also asked if course weightings should be changed to properly reflect the role and mission of Nebraska community colleges. The Commission does not recommend modifying the cost-derived weightings of either courses or programs to “properly reflect” any particular aspects of the colleges’ roles and missions. Rather, it recommends that, if the Legislature wants to provide financial incentives for certain roles, missions, or activities, it adopt a more focused, flexible approach. That would involve establishing separate funds that would be distributed to the institutions upon their reaching certain policy goals – the graduation of additional nurses, for example, or significant improvement in getting students through remedial/foundations work and having them successfully complete credit-bearing courses.

Additional issues arising during the course of this study

From two public hearings and from many letters and communications received during the study, it is clear that the community colleges have broad-based support for the work they do. Several individuals spoke of the importance of retaining “local control” of the community colleges. Several others spoke of the ways in which a community college very positively changed their lives.

Although some individuals expressed general support for the present means of funding the colleges, other individuals conveyed with great passion their dissatisfaction. That dissatisfaction related to: 1) recent disagreements over data submitted by the colleges for the calculation of the current year’s aid, in particular the matter of reported tuition and fees, and 2) broader concerns about the current formula — its philosophical underpinnings, and its underlying policies and statutory provisions. Most of these concerns were expressed by individuals associated with Metro Community College.

The Commission was not directed to study any aspects of the formula beyond the use of weightings. Nevertheless, the Commission cannot avoid observing that Metro Community College’s claims represent serious disagreements with the current formula – disagreements about underlying principles, fundamental policies as set forth in statutes, and definitional and procedural matters affecting the allocation of funds.

Disagreements over higher education funding are frequent and recurrent. Metro’s claims — and the points of view of all of the colleges — deserve appropriate consideration. This disagreement between the community colleges has formed a rift that must be healed.

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