



**Blue Ribbon
Committee on
Higher Education**

**Report to
Governor Mike Huckabee**

June 2004

Report of the Blue Ribbon Committee on Higher Education June 2004

I. Mission and Scope of the Committee's Activities

The mission of this Committee is to propose specific, achievable actions that will enhance Arkansas' economy, competitiveness, quality of life and prosperity by addressing the importance, quality, funding and accountability of higher education.

In pursuing this mission, we have tried to determine our findings and recommendations based on a common-sense approach that is based on a factual understanding of the current situation, unrestricted by past or present boundaries of practice or statute. We have attempted to deal with the fundamental structural and strategic issues that continue to contribute to Arkansas remaining - for over fifty years now - at or near the bottom of national rankings when measuring effectiveness and efficiency in higher education.

We do not see ourselves as a partisan political body, legal experts or trained educators. However, based on the research and information provided to the Committee, we recognize that for Arkansas' two- and four-year higher education institutions to perform at a level comparable to their peers and worthy of the investment made by Arkansas' taxpayers, major structural reform of the existing system is necessary. Incremental change will not create meaningful improvement to the current situation.

Our goal is to serve Arkansas by attempting to change the nature of the recurring debates surrounding higher education in this State by being forthright, brief, and apolitical.

Finally, we must thank the representatives of Arkansas' colleges, the Department of Higher Education, and other organizations who made this a workable assignment and shared their experience and insights with us. The passion for improving education in Arkansas exhibited by the professionals from each of the above has been humbling and gratifying for all of us to see.

II. Background and Context

In a long line of similar studies going back to the 1950's, various advisory groups have produced papers that generally lament Arkansas' lack of progress relative to peer states in "education"; correlate "quality of life and economic development" with "level of education"; and reflect the genuine passion for improvement held by their respective authors. Further, each report alludes to Arkansas' struggle to fund higher education with our modest per capita state income level. However, few have actually called into question the effectiveness of Arkansas' *system* of providing and funding higher education itself.

The current system has devolved into one where each institution independently pursues its funding through a legislative champion rather than through a coordinated effort. This typically results in a mismatch of needs, effort and funding. *We believe the recurring and explicit lack of any meaningful centralized governance is at the heart of our higher education performance issues.*

While the debate regarding centralized authority is a painful one to have, it is not a new debate. Witness the following 1951 study by the Arkansas Commission on Higher Education which, in reference to this very question, stated:

"...the main thrust of which was the need to establish a Board of Control to coordinate the institutions of higher learning....the State has accepted the responsibility for supporting these institutions; it must also accept the responsibility for coordinating their activities to the end that the highest return may be obtained from the funds available for higher education."

The 1951 Commission recommended that a Board of Control be established to coordinate the institutions and that the Board have the following powers:

- To receive, evaluate and coordinate the institution budgets and present a single budget to the General Assembly containing recommendations for separate allocations to each of them.
- To allocate academic functions among the institutions limited to programs of study leading to the granting of degrees.
- To represent the State in negotiating and executing contracts for extra-state instruction.

Many of the historical studies also reflect the academic or political issues of the day by alternately emphasizing programs characterized as "steeped in the liberal arts," "general education," "math and science," "technical education," "to encourage pluralism," "industrial jobs training," or simply "access". All the studies include facts, figures, peer studies, diagrams, graphics, tables, proposed legislative language and even colorful drawings. These inevitably center on Arkansas' last or near last place position in providing an effective educational system for her people.

In the end, most studies merely offered modest tactical tweaks to the status quo. The “political will” of the time was typically manifest by the authors advocating only the distant platitude or an immediate accomplishment. *In fact, the overall public debate evidenced in most of these studies centered on “my community” rather than “our state.”*

We recognize the probability that this study, too, someday will be read merely as another historical footnote. That said, we put forth our findings and recommendations in the hope that the citizens of Arkansas and their leaders will embrace the greater good of the State and its future citizens over any short-term parochial interests. *To do so will require broad-based popular support for creating major structural reforms to Arkansas’ higher education system. Further, we are convinced that doing so is essential if we are ever to break out of “last place.”*

The 1951 report ends with these words: “The Commission wanted the Board of Control to see that the future growth of all institutions would be directed in a pattern that would meet the total needs of all Arkansans.” Notably, it did not say the purpose was to meet the needs of any particular institution, town or legislative district.

More than 50 years later, the same challenge exists. Today, the lack of coordination and control among the institutions of higher education manifests itself in institutions competing with taxpayer money for the same limited pool of applicants, each institution desperate for more money and, we believe, a populace that is losing faith in our State’s ability to deliver an effective higher education product efficiently. At the same time, Arkansas finds itself in an increasingly competitive technical and information-based economy.

The 2004 Blue Ribbon Committee finds that much of the lack of efficiency and effectiveness of higher education in Arkansas can be traced to the loss of this central argument articulated in the 1951 report and reiterated through the years, most recently by legislative act in 1997.

III. Findings – A Hard Look in the Mirror

When it comes to Higher Education in Arkansas, as a State....

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| We say we want accountability and efficiency... | But this is a \$1 Billion a year enterprise without an accountable entity |
| The State has the funding responsibility... | But no expense management authority |
| We say we have a funding formula... | But the legislative process regularly disregards the funding methodology |
| We say we are underfunded... | But our funding on a per-student basis, collectively, is near the regional average |
| We say we need more money... | But our performance doesn't demonstrate efficient stewardship of what we have already been given |
| We say we want to increase the number of Arkansans attending college... | But we spend most of our advertising funds on attracting existing college-bound students to a specific campus rather than promoting "attending college" |
| We want more funding for higher education... | But our collective spending on higher education is already in the top twelve nationally on a per capita income basis |
| We say we want an efficient system... | But we insist each school be "independent" |
| We say we want "Independence"... | But even the people in the system say it doesn't work |
| We say we want seamless two- and four-year program coordination... | But credit transfer acceptance between schools is "hit and miss" |
| We say we want individual institutions to govern transfer credits... | But it is this very structure that the outside "experts" blame for our State's failures |
| We have no centralized program management... | But we micromanage jobs and salaries |
| We say we want to increase retention and reward academic performance... | But our funding mechanism is inconsistent with this goal |
| We say we want to change... | But we insist change come within the current system and at an incremental pace |
| We say we want coordination... | But institutions compete among themselves for students and programs |
| We say higher education is essential for increasing our low per capita income and economic development success... | But we have no coordinated statewide strategy to achieve this fundamental goal or institution tasked with this responsibility |

IV. Recommendations

Governance

Arkansas needs an empowered authority over higher education.

1. We recommend a transformation of the Higher Education Coordinating Board to a newly constituted bipartisan board comprised of the current board plus political, educational and business leaders.
2. The Board should be tasked with:
 - (a) facilitating agreement on the mission of higher education in Arkansas and how this will be linked to economic development in the State;
 - (b) authority over 100% of all State funding and program approval and review for every public institution of higher education, allowing for the statewide coordination of higher education rather than an individual institution driven model;
 - (c) the development of a quantifiable objective against which higher education in the State is at least partially measured over time (our recommendation is that the measurement be aligned to raising the State's per capita income from 49th to 40th over the next decade); and
 - (d) preparing a publicly available biennial report of progress against these goals.

Mission and Scope

Arkansas needs centralized coordination of our institutions.

3. The mission and scope of each type of institution (Research, Four-Year and Two-Year) should be expressly defined in accordance with this objective. Further, the Board should audit each institution for alignment and delivery to its specific goal and the Board should be empowered to expand or contract State funding based on compliance to same (see Recommendation #6).
4. We recommend minimum standards and consistency for individual course work at all Arkansas higher education institutions that allow for the complete transfer of all substantially similar credit hours among them. Transferability of course work across institutions was identified as a problem in 1978 by the Arkansas Post Secondary Education Planning Commission, State Board of Higher Education. The existing transfer policy regarding the State Minimum Core Curriculum has not prevented inconsistency in the acceptance of transfer credit. In fact, in May 2004, the National Center for Public Policy and Higher Education identified Arkansas as a low performing state on this issue. According to the study, the key cause of our low performance is not just the lack of an appropriate academic policy, but the lack of a statewide governance capacity to set policy.

5. The Board also should address the long-term tasks of:
 - a. determining and implementing a long-term strategy for increased investment in higher education;
 - b. developing a model that examines and provides incentives for improving college attendance rates in each part of the State;
 - c. aligning workforce development opportunities with allocable funds;
 - d. limiting each institution's expenditures for resident undergraduate academic and performance scholarships to no more than 15 percent of the total revenues generated by educational and general tuition and mandatory fee income; and
 - e. encouraging the expansion of the partnerships between the colleges and universities with business and industry and economic development organizations for the purpose of strengthening the State's economy.

Finance

Arkansas needs coordinated funding to act as a proper incentive.

6. We recommend moving from a funding system determined by an enrolled, full-time equivalency ("FTE") calculation to the following: (i) 80 percent based on an enrolled FTE; (ii) 15 percent based on credit hours completed and passed; and (iii) 5 percent at the discretion of the Board with regard to the individual institution's performance relative to its stated role and scope as defined by the Board (see Recommendation # 3)**.
7. We recommend that the Board and the Department of Higher Education be appropriately funded for the personnel requirements needed to facilitate and manage the day-to-day operational responsibilities described herein.
8. We recommend that the current Coordinating Board's moratorium on new college campuses be made permanent.
9. Finally, because the purpose of higher education in Arkansas is the betterment of its citizen scholars and not just our institutions, we recommend that the State fund and expand (i) statewide college scholarship programs; (ii) the college loan forgiveness program for students taking jobs in Arkansas in high-demand industries; and (iii) the matching program for research grants received from non-state funds, giving priority to the use of funds for targeted research areas rather than on a first-come, first-served basis. Said funds to be made available through expense management across the system, if necessary.

** The discretionary funding could be based not only on role and scope, but also on such items as: graduation rates; percentage of graduates taking jobs in Arkansas; number of math, science and engineering graduates employed in the state 5 years after graduation; losses on sports programs; number of students above or below target of recommended number of graduates in selective degree programs; number of 2-year college students successfully completing a 4-year degree; and improved quality and rigor in programs.

V. Process

The Blue Ribbon Committee on Higher Education met seven times between December 2003 and June 2004. The following process was used by the committee to gather information, determine the facts and make the recommendations included in this report:

The Blue Ribbon Committee received a vast amount of reading material from the Arkansas Department of Higher Education staff at the initial meeting. Additional materials were mailed each month during the week prior to the scheduled monthly meeting to assist members in preparing for planned presentations and group discussion. Typically, these materials consisted of information department personnel deemed pertinent based on historical perspective, statistics, current events or comparable data, and they were presented in the form of topical educational magazine articles, public comment, SREB documents and a summary of Arkansas education reports, among others.

Reading material topics included:

- Closing the participation gap
- Statistics on college access
- Cost of attending college
- Adult learning gap in U. S. and Arkansas
- Public comment via the internet
- Overview of federal education programs
- Summary of past funding recommendations for higher education in Arkansas
- Summary of past higher education planning reports
- SREB Fact Book
- SREB State Data Exchange
- Recommended focal points
- Recommended mission statement
- Various higher education articles

Presentations were made to the Blue Ribbon Committee throughout the six-month period. These presentations were designed to enhance and elaborate on the reading material the members were provided, as well as to allow them an opportunity for a question and answer period with each presenter. Presentations included college preparation and state comparative ACT score information by Dr. Carolyn Kostecky of American College Testing Service; an explanation of mission and accountability issues in higher education across the country by Dr. Paul Lingenfelter of the State Higher Education Executive Officers organization; and an overview of economic development in Arkansas by Arkansas Department of Economic Development director Larry Walther. Committee members also heard from ADHE staff members on a variety of higher education topics and from Ken Dick of the Arkansas Legislative Council staff regarding the 2005-2007 state budget.