

HANDOUT 1

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

*Arkansas Department of Higher Education
Dr. Brett Powell, Director*

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

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

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

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