

## **Invitation to Inquiry: Lane’s Education Service Environment**

### **Introduction**

This section of Lane’s Long-Range Financial Planning Report outlines key and critical concerns regarding Lane’s educational environment. Such considerations are needed for long-term strategic financial planning in a college, just as financial planning in car manufacturing is informed by considerations of transportation, customer needs and auto technology and design.

Support for broad understanding of *both* financial and educational environments is all the more crucial for supporting college-wide participation in decision-making, which inevitably involves financial considerations linked to educational considerations. In addition, inclusion of the educational services serves the goal of the Finance Council to create financial planning in which fiscal decisions and resource allocation are driven by the college mission.

Financial sections of the Report represent advances in providing access to financial data and provide a useful handbook for budgetary language and processes. It invites the college community to access basic financial data and processes and raises the level of conversation by providing common data and language. This section provides useful perspective that advances the college community’s ability to make sense of the data and to collectively contribute to strategic educational decision-making. This sort of inquiry supports strategic thinking by creating a body of key questions and language for making sense of financial data and for imagining future options and connecting those options to financial analysis.

Unlike financial data, which corresponds more to fixed facts, support for productive discussion of the educational environment involves making working assessments, raising critical questions, and describing general options for progress, which must evolve over time. It invites discussion and identifies areas of study, and generally supports strategic and concrete analysis in its support of widespread participation in long-term financial planning. This part of the Long-Term Financial Planning Report should especially be viewed as a living document, as is the whole report, for the college community to build upon, modify, and evolve in years to come.

**Our contradictory origins.** Like the typical community college founded in the 1960s-70s, Lane Community College exists in an environment of educational needs and expectations that are critically connected to financial decisions made externally and internally. Effective long term planning requires paying attention to this environment laden with historical expectation.

The complexity of our environment is indicated somewhat in the currently existing multiple missions of community colleges, often summarized as providing (1) a gateway

to four-year colleges, (2) occupational education, (3) community services, (4) workforce development, and (5) basic skills instruction and remediation.

There is utility in arriving at an optimal balance among all these functions. However, of far deeper importance for long-range financial planning is understanding and appreciating central contradictory elements present from the founding of community colleges like Lane and other community colleges generally. Because this is so important to the educational and financial environment of community colleges, some extra attention to it is warranted at the start.

Most of Oregon's community colleges were founded in the 1960s-70s, and were built to accommodate a large surge of new demand for college education, primarily by women, people of color, and poor people - all historically underserved by college programs. At that time, four-year colleges and universities did not expand to sufficiently accommodate them, with the implicit, and often explicit, assumption that new community colleges would effectively limit access to higher education as students failed to effectively advance to 4-year colleges/universities and many would find occupational training programs that would lead them to bypass further higher education.

At the same time, counter forces sought to make community colleges a means for increased entry into all of higher education plus support for vocational education, and strongly support ideals of social mobility, community building and regional economic development. A recent history of community colleges, *Gateway to Opportunity? – A History of the Community College in the United States* by J.M. Beach, provides a good discussion of these contradictory tendencies. With regard to the less inclusive and less egalitarian aims, Beach states:

...not everyone at the time saw the community college in such lofty democratic and egalitarian terms. From the start, university officials promoted junior colleges because of their value as a *screening service* to divert many post-secondary students from the selective and resource-limited universities. State legislatures also promoted junior colleges as a less expensive form of higher education for the masses that would allow a cost-effective means to demonstrate access to higher education while also creating an institution that would filter out the unprepared or disadvantaged majority from actually earning a college degree. University of California, Berkeley, sociologist Burton R. Clark famously called this the cooling-out process. ...

Community colleges hold immense promise if they can overcome their historical legacy and be reinstitutionalized with unified missions, clear goals of educational success, properly trained faculty, sufficient numbers of support staff and adequate financial resources. ...

Can an educational institution that was “born subordinate” as the lower-level holding pen for the university and the feeder for lower levels of the labor market

overcome its own legacy and develop into an effective meritocratic and democratic institution?

The stark lack of progress community colleges have endured is similarly summed up in the New York Times in Feb 17, 2015, by Eduardo Porter in the regular ECONOMIC SCENE feature of the Times. The article "The Promise and Failure of Community Colleges" begins:

There are two critical things to know about community colleges.

The first is that they could be the nation's most powerful tools to improve the opportunities of less privileged Americans, giving them a shot at harnessing a fast-changing job market and building a more equitable, inclusive society for all of us. The second is that, at this job, they have largely failed.

Brint and Karabel, in an earlier 1989 book, *The Diverted Dream: Community Colleges and the Promise of Educational Opportunity in America, 1900-1985*, provided details of this contradictory dynamic and cautions us to look deeper at our educational service than the sincerity of our intentions and anecdotal evidence:

The very real contribution that the community college has made to the expansion of opportunities for some individuals does not, however, mean that its *aggregate* effect has been a democratizing one. On the contrary, the two-year institution has accentuated rather than reduced existing patterns of social inequality.

This viewpoint received validation from experience during the two following decades later examined in Beach's book. It was similarly validated in a later community college-focused volume in March 2003 of *The Annals of the American Academy of Political and Social Science*.

A major New York Times article (12-23-12) reached a similar conclusion about the current state of higher education as a whole, stated succinctly by two professors. From Gregory J. Duncan, an economist at the University of California, Irvine:

Everyone wants to think of education as an equalizer - the place where upward mobility gets started, but on virtually every measure we have, the gaps between high- and low-income kids are widening. It's very disheartening.

From Sean Reardon, a sociologist at Stanford:

It's becoming increasingly unlikely that a low-income student, no matter how intrinsically bright, moves up the ladder. What we're talking about is a threat to the American dream.

Gary Rivlin, an Investigative Fund fellow quotes Sara Goldrich-Rab from her recent book, "Paying the Price" in the May 21, 2017 *New York Times Magazine*, concerning the difficulties students face:

Community college is where the working class gets stuck. ... It's where the lower middle class gets stuck.

This reality of community college students, in general and at Lane, needs to be informing strategic long-range planning at Lane. Further, any major initiative, including any needed "reinstitutionalizing", per Beach in the quote above, effectively undertaken by Lane Community College will require long-range financial planning. This is so for basic reasons: First, major college initiatives require long-term financial plans to make them real and to be sufficiently understood by the college community to sustain them. Second, long-term financial planning makes future options real for our community college district, our allies, and state and federal legislators to advocate for and to provide needed resources.

In addition to addressing the deep reality of community colleges, fulfilling the positive promise of community colleges also requires institutional commitments to an appropriate set of strategic directions and goals, which fortunately Lane has adopted for the next five years. The strategic commitments, embodied in particular core themes, objectives, values and specific strategic directions, include furthering a social justice mission of the college, which can form the basis for effectively aligning the institution and the broader community around meeting the deep challenge outlined above. This and other key elements of Lane's Strategic Plan are implicitly assumed in the following discussion.

The purpose of this introduction is to set an appropriately wide scope for future directions and planning for Lane Community College, and with it the need for long-term financial planning that supports the conversations and actions needed.

In this spirit, this section has three main parts: The first part concerns finding promise for the future by reflecting on the reality of the current difficult moment of precipitous enrollment decline in which Lane finds itself. The second part assesses, along with the challenges, positive external trends and a sense of the educational environment that could guide Lane to realize the positive promise of community colleges outlined earlier. The third section suggests added elements needing further development in tracking and describing our educational service mission and financial management over the long-term, giving Lane's educational mission the leading role.

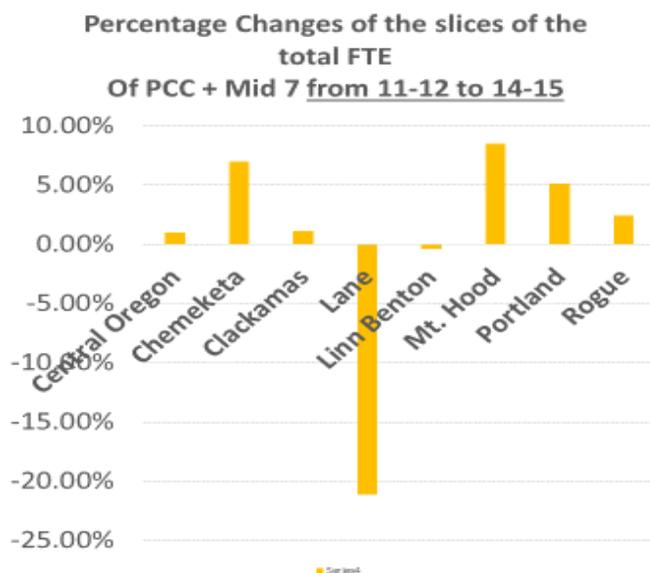
## **Forward-looking Insights from the Current Situation**

### **In particular, the Enrollment Challenge**

Enrollment is directly critical to the educational mission of the college and is essential to the financial health of the college. The three main income streams to the college, state

funding, property taxes, and tuition and fees, all depend on enrollment. Tuition and fee income directly and immediately depends on the numbers of students and their credits and time in class counted in terms of student FTE (full-time equivalents) in the year it took place. State funding from the Community College Support Fund as well as property tax revenue is distributed (with relatively minor modifications) in proportion to each college's percentage (averaged over the previous three years) of the total student FTE throughout community colleges in the State. Put another way, these funds are divided up in proportion to each college's slice of the FTE pie.

Lane's *portion* has dropped precipitously in the last five years since the State's enrollment peak in 2011. The bar graph below shows the changes of the shares of state reimbursement and property tax revenue of each of the top 8 community colleges from 2011-12 to that last 2015-16 academic year. Lane dropped from having the second largest student FTE to third largest and has lost approximately 25% of its share of the total FTE in the state. Since the total state FTE has also dropped, the absolute decline in student FTE at Lane is more than 25% -- a decline of approximately 40% to this year.



Note: Updating chart to 15-16 under construction

Reasons for this relative decline in enrollment have, of course, been the subject of discussion and speculation. A number of economic factors have been proposed, most prominently the rate of unemployment, which is widely observed to be counter-cyclical with community college enrollment. So far, however, these factors are pretty universally experienced by all community colleges in Oregon, represented by the variety of local environments of the "top 8", which account for the vast majority of community college student enrollment (approximately 80%) in Oregon. These suggested factors, like the rate of unemployment, do not explain the stark difference between enrollment declines at Lane and at other community colleges.

There may, in fact, be something unique to the Lane community college district, which is a major external factor in producing Lane's relatively unique higher rate of enrollment decline. However, the current lack of such a candidate as a unique factor naturally shifts the search to something particularly unique about the college. While it requires some courage to search internally, this search can provide a better appreciation of our strengths if we do. But, more important from a strategic perspective, to the extent the causes are internal, we will discover how to have more control over the enrollment decline, no matter whether any external causes play a major or minor role.

**Self-perpetuation of large falling enrollment.** Examination currently suggests three relatively unique elements about Lane, which could have affected enrollment in a serious way. First, Lane's initial faster falling rate and initial reaction could have triggered self-perpetuating effects. This can happen because state funding is based on a three year rolling average of the FTE of the past three years. This formula was instituted to insulate colleges from unpredictable short term enrollment fluctuations at other colleges. However, this offset timing of reimbursements for FTE years after the FTE is generated can create a perverse incentive during mandated yearly budgeted processes, which then can perpetuate a greater relative decline in FTE.

In particular, tuition reimbursement and property tax revenues from an academic program's FTE will continue to accrue to Lane for the next three years after a program is cut. However, since program costs are eliminated, the next year's budget will usually show a net gain from this cut because the revenue generated from this program in the past still fully accrues to the college that year. The relatively rare exception to this is when tuition and fees cover the entire cost of the program. Generally, though, the tuition and fees are important, but the smallest part of the income generated by most programs. Thus within short-term yearly thinking, money seems to be directly saved from cutting a program even though the program generates revenue in excess of its costs.

Assuming constant funds from the state and property taxes, unless efforts in the following year are successful to match the FTE share generated by the cut program, Lane's reimbursement and property tax revenue will decline further and create further short-term incentives for cutting academic programs, which will further undermine revenue. In a period of precipitous decline in enrollment share, this effect is amplified since the FTE used for the calculation is based on the previous three years. In the next budget year, the revenue calculation will no longer use the FTE from the third year past, and that year will generally be the highest FTE-generating year of the three for the college. Thus, simply balancing a yearly budget, when FTE-generating programs are cut, even if the FTE from the cut programs is fully made up, does not solve, and will, tend to perpetuate enrollment decline.

Subsequent effects of declining FTE include relatively automatic layoffs of faculty, usually those in lower paying part-time positions. This raises the average cost of faculty per student FTE even though the number of faculty has declined. Generally, however, if management staffing remains relatively constant, its cost per student FTE raise by a

larger fraction. This fraction is further increased if management staffing expands. The general adding of time sheet part-time classified positions lowers the same effect involving classified employees; but this can have complicating consequences if regular positions are considered for cuts. Large drops in enrollment raise the issue of creating an optimal balance across all staff categories in order to recapture enrollment and funding stability.

Given that the absolute level of student FTE has dropped by approximately 40%, the staffing mix has changed significantly in the process, with people closer to the front-lines of teaching and learning making up a smaller share of college personnel. The graph below describes this shift at Lane since 2011.

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Another dimension of self-perpetuation can happen when the pressure to cut costs has led to cutting partially filled classes with the assumption that students will find other classes and money will be saved by the elimination of a part-time faculty class assignments. Even if a few students don't take another class, the yearly bottom line might still benefit based on tuition and fee revenue. However, in economic terms, market share decreases, and market share is the basis for state and property tax funding in following years, which provides the majority of Lane's funding.

If this kind of loss of market share were a significant factor, it might be indicated by students taking fewer classes. Or if students were taking the same or more classes on average that would tend to indicate kind of loss of market share was a small or insignificant effect. The recent ATD (Achieving The Dream) analysis of enrollment data does show a decline of almost 12% in average credits taken by a students since the high enrollment year of 2011. This decline is arguably only suggestive; however, without the unevenness of enrollment taken into account. Thus, while the ATD data may be highly suggestive, in its present form it does not lead to definitive judgement on this market share factor.

**Critical student debt default rate.** Second, Lane was relatively unique among larger Oregon community colleges in facing an immediate threat of the loss of federal financial aid, because of Lane's high default rate. This is not to say other colleges were unconcerned about loan default. They were concerned and were paying attention to Lane's actions, but their immediate situation was for the most part far less critical than Lane's. Responding to this urgent threat at Lane led to significant immediate Lane-specific changes in policies and procedures involving both new and continuing students, some of which were reversed after proving too restrictive by preventing students from enrolling who should have been allowed to enroll.

Currently, the college is not facing an urgent default situation. However, only approximately 25% of potential students expressing interest in enrolling actually successfully enroll at Lane. Whether this is just the reality of a normal "funneling" process, or a "leaky pipeline" that can be fixed to reach the enrollment efficiency of other community colleges needs some investigation, which could be done rather easily if comparable data from other colleges is available.

**Accreditation.** Third, it is reasonable to wonder whether Lane has been relatively unique among other Oregon community colleges in terms of negative accreditation feedback received by NWCCU, and whether this could provide some insights. Lane recently received 7 "recommendations" and 2 "warnings", significantly more negative feedback than in the past at Lane. Whether this negative feedback indicates something unique to Lane has been open to question at Lane by suggesting a narrative that NWCCU standards have significantly tightened recently and Lane has just been an early institution impacted by these tougher standards. The recent record of activity by NWCCU (available at <http://www.nwccu.org/Actions/CommissionActions.html>) provides only mixed support for this view. While community colleges have seen a larger share of warnings recently, the total number of warnings among the colleges in the NWCCU jurisdiction is very small.

However, independent of whether Lane's negative feedback is relatively unique among community colleges, it is still possible that the accreditation has provided information that may indicate some internal sources of Lane's precipitous drop in its state-wide share of FTE. Thus, it is well worth considering.

One central general element to the NWCCU criticisms is the lack of clear documentation of support, expectation and practice of responsibility exercised by the faculty in the governance and carrying out the mission of the college. The emphasis by NWCCU on the lack of faculty empowerment and engagement need not be understood as elevating faculty importance at the expense of other staff categories, and is probably more completely understood as a systemic criticism. This framing is also supported by the reaction to the accreditation report, which included the *collaborative* establishment of the new (and first ever) *collaborative* Academic Program Review process that is faculty-led with specific responsibilities and opportunities for robust input from the campus community. This represented a Lane-specific change that we did not have the capacity to fully make without the accreditation recommendation and warning related to

it, and thus tends to support the view that something happening at Lane could be impacting organizational effectiveness and can be locally solved.

The connection of faculty leadership roles to successfully meeting challenges, which among other things leads to enrollment and success of students, has been relatively recently expressed by Terry O'Banion, emeritus president of the League for Innovation in the Community College. In a "Point of View" column in the *Community College Week* of April 14, 2014, he concluded that present and future needed reform movements in higher education "are in peril if we continue to ignore two of the intractable barriers we face: overhauling the traditional systems and structures we have inherited, and fully involving faculty in this effort."

O'Banion emphasized the last point in a number of ways: "Faculty is the Key to Change -- This proposition seems so obvious - given the central role of faculty in the education process and given their number - but we often fail to absorb this truth." ... "... faculty are central to the success of the college and the success of students and they must be the key agents of any substantial change." ... "We are approaching academic gridlock when teachers' unions have to make their own case to be invited to the table and point out the need for respect of their roles and leadership." ... "Members of the faculty hold the key to any substantial change; and they have the experience, the understanding, the motivation, and the power to create the change we need if we are to meet the goals of student success and completion."

A recent, March 2016, *Harvard Business Review* article, "Reigniting Growth" offers a consistent viewpoint from the private sector experience. Chris Zook and James Allen sum up a study of recent businesses that experienced substantial losses in product sales and growth, what they call "stall-out":

This rarely happens because the business model has suddenly become obsolete – a common misconception. Rather, our research shows that the business model has almost always become too complex, most often owing to bureaucracy that slows the company's metabolism, or internal dysfunction that distort information and hampers managers' ability to make rapid change and take swift action on them.

... most companies with sustainable growth share attitudes and behaviors: (1) They view themselves as business insurgents, fighting on behalf of undervalued customers; (2) they have an obsession with the front line, where the business meets the customer; and (3) they foster a mindset that includes a deep sense of responsibility for how resources are used and for long-term results.

Following the logic of the HBR article, in which faculty are "frontline" leaders of the educational enterprise (along with counselors and advisors), it is worth considering the extent to which the NWCCU criticisms were calling attention to an internal Lane situation contributing to the precipitous decline in Lane's share of the student FTE in the state.

Beyond that, the HBR article's attention to the two other positive behaviors resonate with two other themes previously mentioned; namely (1) Community colleges committed to the positive promise of community colleges do struggle on behalf of high school students undervalued in terms of having been provided with inadequate education leaving them less than college-ready, older students not college ready with nowhere else to go, and college bound students traditionally expected to fail to earn bachelor's degrees; and (2) This Report represents of a real commitment to long-term financial planning, which explicitly exercises responsibility for how resources are used and for long-term results.

The above discussion suggests it is worthwhile to seriously consider the potential that internal functioning of the college had a significant causal role in the precipitous decline in enrollment. This offers encouraging news in that there is likely room for improvement at Lane to resolve the critical educational service and financial health problem of Lane's sharp drop in its share of student FTE in the state. The focus placed on this positive aspect reflects a commitment to the future-directed nature of long-term financial planning.

With this look at Lane's immediate situation, the focus of the document shifts to an analysis of external conditions and options for moving ahead aligned with Lane's newly adopted strategic plan and directions, including long-range financial planning.

### **Major Trends and Dynamics that Provide Opportunities for Meeting the Promise of Community Colleges and Lane**

**Keeping perspective on small positive trends in the current period.** Before delving into major trends and the future, it is prudent to touch lightly on a few silver-linings in the dark financial clouds we are currently under, if only to keep them in perspective and not be distracted from the urgent need for effective long-term planning and new thinking. The first is the fact that Lane's precipitous enrollment decline is occurring along with a general enrollment decline in the state. Therefore, the significant loss of our share of student FTE leading to a significant cut in our share of the state community college funding is somewhat offset by the fact that the amount of money per FTE is now larger. (See the graph below.) This fact is welcome but relatively minor for planning in the long term. Its major long-term positive effect is probably that there will be a precedent for this level of spending, though it may be a small effect given that funding per FTE has previously been higher than it is now.

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In addition, this year there has been talk of an overall increase of state funding of community colleges, but this is more likely the result of the serious damage to community colleges and the fact that community colleges have received significant support from tuition now at historically high levels. Arguably, high tuition and the cost of living are clearly forcing students to reduce their course loads or are keeping students out altogether, contrary to the State's commitment to affordable community college education. Given that what is needed is a reduction in tuition plus additional support to improve education, more is needed than contemplated in the current discussions. The major message of any current increase in funding is an indication of some level of latent support for future funding of community colleges.

Finally, there has been a significant small rise in the level of property tax income even as Lane's share has fallen. This steady rise comes mainly as a result of capping the percentage increases of property values for taxation purposes by Measure 5 in the late 1980s. Currently, assessed property values for taxation are much lower than the market value, so that the three percent cap now provides a sure guarantee of increasing property tax income for some time to come. Plus property taxes increase with growing economic development. But this funding is increasing at a rate far lower than what is needed. Also, given that this rate of increase has been significantly higher than inflation in the last few years, it currently has a greater significance than it will have in the longer term when inflation is expected to be higher. The increase amounts to only a small part of what is needed, so while everything helps, and it will help, it is not a major factor for the future.

**General dynamics and trends.** In this section we first outline key large scale elements and dynamics of the educational/financial environment affecting community colleges in the long term.

### **1. The large unmet needs remain that community colleges are designed to meet.**

It is a consistent theme of commentators that the need for community colleges is large and not going away anytime soon. For example, in "The Promise and Failure of Community Colleges" cited earlier, Eduardo Porter makes the critical point about the magnitude of the community that community colleges serve:

With open enrollment and an average price tag of \$3,800 a year for full-time students, community colleges are pretty much the only shot at higher education for those who don't have the cash or the high school record to go to a four-year university. And that's a lot of people: 45 percent of the undergraduate students in the country.

... Only one in 20 Americans ages 25 to 34 whose parents didn't finish high school has a college degree. The average across 20 advanced industrial nations assessed by the Organization for Economic Cooperation and Development is almost one in four.

“What choice do we have but to make these institutions work?” a White House official who has been working on the new proposal [to support students] told me. “There is no real alternative out there for 40 percent of students.”

What is at stake is far more in terms of social stability and economic vitality. Joseph Stiglitz makes this point in the February 13, 2013 feature article in the New York Times, “Equal Opportunity, Our National Myth”, which concludes:

Finally, it is unconscionable that a rich country like the United States has made access to higher education so difficult for those at the bottom and middle. There are many alternatives – from Australia’s income-contingent student loan program to the near-free higher education system in Europe. A more educated population yields greater innovation, a robust economy and higher incomes – which mean a higher tax base. Those benefits are, of course, why we’ve been long committed to free public education through the 12<sup>th</sup> grade. But while a 12<sup>th</sup> grade education might have sufficed a century ago, it doesn’t today. Yet we haven’t adjusted our system to contemporary realities.

Stiglitz is a Nobel laureate in economics, a professor at Columbia and a former chairman of the Council of Economic Advisors and chief economist for the World Bank.

**2. Implications of community college success and implications of the definitions of community college success.** The complex mission of community colleges derives from having many roles, including:

- **The development of basic skill proficiency** upon: (1) Student entry into post-secondary education soon after high school having failed to complete high school or, having completed high school but not fully reached college-ready skill proficiency. (2) Student entry into post-secondary education a significant time after high school age without fully having college-ready skill proficiency
- **Providing education and skills for relatively direct entry into the workforce** through maintenance of skills or customized training needed to meet evolutionary changes in local enterprises.
- **Providing education and skill for re-entry into the workforce** in face of job loss from major economic dislocations and transformations.
- **Providing a supportive avenue into post-secondary education** for people systemically disadvantaged or traditionally underserved in post-secondary education.
- **Providing open and affordable access to post-secondary education** for the above reasons and in general.

- **Providing opportunities for life-long learning** by members of the community, particularly for exploration, personal enrichment and collaborative study.

Given this complexity of functions and the inherent connection to worker and employer needs, K-12, and 4-year colleges and universities, which often determine much of the conditions in which community colleges operate, Lane would be prudent to define its success in terms that reflect all dimensions of our community college mission; in particular:

- **Our success needs to reflect our resilience** in an environment that can have extreme fluctuation produced by the economy, and inputs from K-12 schools and 4-year colleges/universities. This environment is characterized by, among other things, competition and beneficial partnerships, small to large economic dislocations (e.g. expected, but unplanned-for robotic automation), and both failures and successes in K-12 (e.g. developmental mathematics education making up over half the mathematics enrollment at Lane).
- **Best practices globally can help define a variety of quantitative and qualitative success metrics.** The responsibility for their development of metrics for quality and success will necessarily be distributed over the college and need ongoing conversation. However, there is enough experience locally and an awareness that colleges face similar challenges globally, so that as a general approach, while not complete, the following general metric would be especially useful on a college-wide level: What is the extent to which Lane has adopted best practices, and what is the character of the movement toward or beyond them. Such a common framework forms a powerful form for defining our success as a college and our ability to learn to better serve our mission.
- **Much of the community college mission is defined by limitations** of the economy or K-12 or 4-year colleges and universities or determined by *their* capacities. Thus, much of our success is largely described by providing what is not provided elsewhere in the other parts of the educational system. Is there more than that at present or in the future of community colleges? Will we largely play a role in the division of labor among the providers of secondary and post-secondary educational opportunities that is largely dependent on what educational opportunities K-12 and the rest of Higher Education does not provide? Or do community colleges, including Lane, have a role in transforming the success and standards of K-12 and the rest of Higher Education? Or both?

All the above issues will bear on the question of the narrative of community colleges, and Lane, into the future, which is discussed later in the document.

### **3. Dimensions of the community college relationship with 4-year colleges and universities**

- **The primary education mission overlap** between community colleges and 4-year colleges and universities involves community college transfer programs and lower-division courses.
- **The structure and standards of transfer courses** are primarily set by 4-year colleges and universities, though community colleges currently have considerable effective latitude in what constitutes the nature of general education courses.
- **The efficiency and effectiveness of articulation** is a significant issue and is tied to the level of community college students' success in obtaining a bachelor's degree when that is their goal. There is some solid evidence that there is room for substantial pedagogical improvement by community colleges that would lead to greater success.
- **There is a significant social dimension of student success** who are first generation college students. There is some solid evidence for room for substantial improvement by community colleges under their control as well as by 4-year colleges and universities. Given their structural position, the role of community colleges in the lower division and developmental education level has long-lasting effects and has a role in supporting social acceptance and success in upper-division education.

► **Contradictory interests in 4-year colleges/universities toward community colleges.**

**Cooperative interests include:**

1. **Community colleges provide an initial screening function** in which students' failure to reach upper-division standing happens in a separate institution, which insulates the 4-year colleges and universities from charges of ineffectiveness, exclusiveness or elitism.
2. **4-year colleges/universities benefit from the social integration** of students into going to college, especially students from under-represented and under-served populations, which takes place more efficiently in community colleges.
3. **Community colleges are a source of upper-division students** as greater numbers of students are available for upper division education, who would otherwise not be able to afford the lower-division education in 4-year colleges/universities, or who cannot be accommodated physically or socially by them.
4. **Community colleges provide an opportunity for students to keep on with their education** if they experience financial or learning difficulties, and then transfer back to the 4-year colleges and universities.

5. **Community colleges provide teaching jobs for students with graduate degrees** interested in teaching.

**Competitive interests include:**

1. **Competition with community colleges for lower-division students** who would otherwise take high tuition, large lower-division classes which provide a significant subsidy for significantly smaller enrollment upper-division classes at 4-year colleges/universities.
2. **Potential competition in terms of education quality** and demonstration of a more egalitarian educational possibility, resulting in demands for more expensive education models at 4-year colleges/universities.

► **Trends affecting these contradictory tendencies:**

1. **Class prejudice down-grading community college education is decreasing** in the face of experience of education quality and lower cost among people who are needed to maintain this prejudice; e.g. university professors and community leaders with children in community colleges.
2. **4-year colleges/universities are taking steps to increase teaching quality** by leveraging higher teaching profiles by highly recognized researchers. Also, there is an increasing practice of relying less on temporary low paid lecturers and creating permanent teaching positions with scholarly work requirements, at UO and OSU for example. At some universities there is a trend to create tenure-track teaching positions. Further, centers supporting teaching excellence by graduate students and professors are being created; for example, the Science Literacy Project at UO.
3. **Community colleges are uneven in taking steps that tend to reduce the quality of the educational experience to survive financial strains;** while other community colleges, in Minnesota, for example, have recently greatly curtailed the use of low-paid part-time positions. Efforts to support scholarly inquiry to improve education are in the beginning stages at community colleges and at Lane.
4. **Demographic studies show the next generation of students will have less income for college education,** which will affect 4-year colleges/universities more than community colleges.
5. **The practice of students moving among undergraduate institutions before getting a degree has reached the state of a common social norm,** thus increasing the support for dual enrollment and effective articulation practices as well as competitive forces based on quality education and cost.

► **The general crisis of the Higher Education business model and its implications for community colleges.** Several commentators have called attention to the failing business model in higher education. It is likely that eventually some remedy will be found. In the meantime, it is plausible that community colleges are strategically better off, or at least more strategically capable of surviving and thriving in the current period. Consider the individual and combined impact of the following:

1. **That students transfer between colleges** in the course of reaching their college degrees is now a fairly established norm – though still challenged. Thus, increasingly community colleges and 4-year colleges/universities effectively compete for students. And both 4-year college/universities and community colleges are not without advantages.
2. **In the current 4-year college model**, lower-division enrollment subsidizes upper-division enrollment, which means loss of students to community colleges puts an increased financial burden on 4-year colleges/universities. Ameliorating this is the role community colleges play in developmental education. For example, 90% of new Lane students require mathematics remediation that is not provided at the University of Oregon. Further, the increased individual attention to students in lower-division courses in community college can provide increased enrollments in upper division courses at 4-year colleges/universities.
3. **Demographic predictions for 4-year college/university students** shows these students to be poorer than they are today, limiting their ability to pay, and encouraging enrollment in community colleges for lower division courses. This trend is already visible.
4. **The strategy of high tuition-high financial aid**, where wealthy students pay the full-price and lower income students get scholarship aid, seems to be reaching its limits. This will tend to limit the fraction of low- and middle-income students that can afford a full-time attendance at a 4-year college/university for the near future.
5. **As education costs to students increase**, a reasonable scenario is that increasing numbers of students who have traditionally gone to 4-year colleges/universities could find community college more advantageous. Thus, 4-year colleges/universities will increase their commitment and resources to toward advocacy for general support for college education. This has potential benefits for community colleges as the crisis of higher education funding gets worked out.

That community college options for students are potentially more immediately viable is illustrated in the UO President's recent response to a university student's advocacy for taking some classes at Lane. The article by a student cites several cases of UO students who benefitted from taking classes at Lane or at another community college in the state, and also quotes the UO President:

“The problem with community college is the likelihood they’re going to graduate is around 20 percent, whereas UO it’s around 70 percent,” [the UO President] said. “I would hope students would stay here.”

The flaw in the statistical argument given above is that students currently enrolled at the UO are not representative of the current average student at Lane, but are in one of a diversity of demographic components at Lane who want to get a bachelor’s degree. Most community college students are in demographic components that experience more challenges by being more likely to also be a first-generation college student, have far worse K-12 preparation, and have significantly more financial challenges. As a result, unless things change at Lane, the *average* student does have a much smaller chance of graduating with a bachelor’s degree; but a student doing well at the UO but financially strapped is likely in a different category. This *poor* argument quoted above by the university President is, however, the *best* argument that can be given. And it is easily countered as it was by the student writer:

[The UO President] seems to believe in the age-old stigma that attending community college does not lead to success. It’s true there is a stigma, but not an accurate one. We were taught in high school that going to community college is like taking a step-down, but financially, you could get a few steps ahead.

While the above situation illustrates the potential for Lane to preferentially thrive in challenging times for Higher Education, thriving is not assured but conditioned on other actions available to community colleges and other economic and education factors, which are discussed elsewhere in the document.

#### 4. Dimensions of the community college relationship with K-12

- **The time since high school and level of success in high school are important** factors in the character of the body of community college students. The fraction of students directly moving from high school generally has somewhat distinct motivations, family responsibilities and funding sources. Among students as a whole, there are factors as different as new high school graduates with Oregon Promise funding and recently discharged veterans with veteran’s benefits. Students who drop out of high school enter Lane with still another set of expectations and support.
- **Lack of preparation for college-level work**, in mathematics particularly, characterizes most community college students, even students leaving high school with a diploma. Students needing such developmental education classes come to Lane.
- **The quality of college teaching models employed in college courses** attended by future K-12 teachers affect both the quality of the teachers’ subject matter skills as well as pedagogical skills that improve K-12 education. This

constitutes a further benefit of incorporating and sustaining best practices in education at the lower-division level. In addition, it suggests the utility of explicitly incorporating such reforms in courses taken primarily by education majors.

► **Issues and consequences of the adequacy of K-12 education.**

1. **Developmental education provided by community college** is a major factor in college enrollment. For example, approximately half of the mathematics classes at Lane are developmental, pre-college classes.
2. **Common ground for partnership among K-12 and community college teachers** is created by dealing with pedagogical challenges in developmental education. In mathematics, for example, Lane is challenged to create, implement and sustain effective pedagogies and environments for successful mathematics learning. Given that students should be more successful in this learning in high school, there is significant unexploited common interest in teachers in K-12 and community colleges to work jointly to reform mathematics education. Some mathematics reformers at universities see community colleges as a key link to reforming math education in K-12 and building an effective bridge between K-12 and Higher Education generally.
3. **Students who drop out of K-12** form an additional significant strand of community college students, as well as parents of community college students.
4. **The relatively lower cost of education**, the relatively more receptive environment to first-generation students and the more learning-supporting small classroom setting also provides an attractive environment for high school students who do not need developmental education.

► **Issues and consequences of dual credit arrangements**

1. **High school students earning college credit from designated college-level courses in high school** is becoming increasingly significant in the college plans and academic journeys of students. In this dual credit arrangement students are counted both as attending high school and the college giving them credit. Approximately ten percent of Lane's student FTE currently comes from this arrangement.
2. **The dual credit program increases Lane's revenue indirectly.** It provides no tuition and fee revenue in the year in which the FTE originates, but contributes to student FTE generated for that year, which results during the next three years in determining the state reimbursement and property tax revenue distributed to each community college.

3. **Dual credit partnership is effectively a kind of unfunded mandate.** To the extent that all community colleges engage in dual credit partnerships at FTE levels in the same proportion to their non-dual credit FTE, they all maintain their same proportion of the total community college student FTE in the State, and thus get no immediate financial benefit. Actually, it amounts to a loss given the cost of the dual credit infrastructure. In many respects, this is an unfunded mandate which community colleges join to avoid losing funding. Threats of competition for dual credit partnerships between local high schools and colleges, other than community colleges, destabilize this system.
4. **There are, however, several benefits to dual credit arrangements** for community colleges. Many students gain increased confidence in their ability to successfully attend college, and negotiating their way through dual credit provides students with experience and confidence for negotiating enrollment barriers later. While most students will not retake their classes, it has been observed that they will take other classes that they otherwise might not have taken. For example most STEM majors do not take all their general education requirements in their first two years in a 4-year college/university, so there is space to continue with additional general education courses while at the community college and still maintain the pace of major's classes, which are required throughout a 4-year period.
5. **The expansion of dual credit FTE relative to tuition/fee producing FTE**, while less expensive than expanding community college classes, does increase the gap between the year the FTE originates and the revenue generated as a whole. This is worth integrating into the financial modeling of the college, especially given the magnitude of this FTE.
6. **The recent Oregon emphasis of dual credit for all high school students** will enhance the above dynamics. In some ways the emphasis on dual credit seems counter to the lack of college-readiness from most high school graduates. There are some dynamics that hold some promise for increasing college-readiness through (1) promoting a culture and ethic of college attendance and preparation that will encourage successfully gaining college-ready skills, and (2) the college-level courses will encourage gaining and successful use of these skills.

► **Issues and consequences of funding for high school career-technical education**

1. **Historically, cutting back the relatively more expensive shop and vocationally oriented classes in K-12** occurred after the decline in school funding following the enactment of Measure 5 property tax limitation. Students taking these classes were prepared for some professional technical programs at Lane, as well as having an opportunity for a more well-rounded education.
2. **Local community colleges often compensated for these program cuts** to prepare their career-technical students. And given the economy of scale of

centralized education opportunities at Lane, there was some overall cost savings within what remained of this educational opportunity.

3. **There have been efforts to increase vocational-technical programs in high-schools**, as well as resistance to the unfunded mandate that is initiating the programs. In as much as this is a trend, it is likely to increase community college enrollment by preparing and motivating students to pursue more professional-technical programs, and increase the participation of students in high school, whose motivation is directed to this kind of activity and career.

#### ► **Competition for limited state funding**

1. **A well-documented inadequate level of state funding for education** has affected all sectors of education.
2. **There is competition for limited funding**, given the scarce resources, with associated individual lobbying efforts, and to some extent competition for students, with associated individual recruiting efforts and restrictions undermining student choice and easy articulation.
3. **Approaching education funding in a systemic way** could, arguably, produce the most effective and efficient solutions and support for their implementation; however, it is arguably prudent to acknowledge the distance we are from that goal. At the current time, (1) major tax proposals to support education are largely framed in support of K-12 schools, (2) public universities have recently gained more autonomy resulting in less mutual support, and (3) primary oversight for community colleges has moved from the State Board of Education (with K-12) to the Higher Education Coordinating Commission (with OUS). The structural landscape of such realities need to be taken into account in long-term planning, given the importance of state funding.

#### **5. The role of education quality in community college success.**

The dynamics discussed to this point provide support for the conclusion that the quality of community college education is source of long-term strategic advantage for community colleges.

#### **Immediate dynamics involving quality of education include:**

1. **Education quality will be key to attracting students** from demographics that have traditionally chosen to enroll in 4-year colleges/universities.
2. **Education quality is critical for increasing community college student success.** Arguably, the learning environment can be significantly improved.

3. **Education quality is critical for increasing success in developmental education** for the large numbers of community college students who are not prepared for college-level work. This success, which will at some level connect with K-12 reform, will eventually reduce the need for developmental education for recent high school graduates. This will reduce the over-all after high school college expense for community college students, and allow for greater success at Lane and beyond within their limited means.
4. **Education quality in community college courses may increase their attractiveness** relative to “equivalent” college-level courses in high schools, which will open up other options for post-secondary education for students who are still in high school. Many such dual credit options exist across the US and globally. Many of these options include more genuine college experience at the community college or 4-year college/university.
5. **Resources directed toward quality will lead to stainable best practices** which will produce significantly better education environments for students. Further, the faculty at a community college is largely without subject matter research commitments and, with support, can devote time and energy to the scholarship of teaching and learning, and establish the identity of community college linked to quality education and set the standard for quality lower-division education. Similar success can be expected through improvements in the quality of secondary education in classes now extensively required for developmental coursework at community colleges.

**Strategic considerations involving quality of education include:**

1. **High education quality will be an element in defending students’ enrollment and articulation rights.** Currently, for example, declared majors in Business and Economics at UO cannot receive credit in lower division Business and Economics courses from Lane once their major is declared. Education quality will be key to ending this barrier to students.
2. **The combination of quality plus lower cost is attractive to traditional college students** paying high tuitions, particularly out-of state students and international students.
3. **Proven education quality connected to student success will encourage students with poor preparation** to enroll despite their level of preparation.
4. **Proven education quality will counter perceptions of low quality;** recall the previous quoted student experience that “We were taught in high school that going to community college is like taking a step-down...”
5. **Proven quality enhances advocacy for community college funding.**

6. **Education quality includes pedagogical effectiveness** and extends beyond rigor and academic level. Thus, it supports (1) the mission of inclusiveness in recruitment and success of students from traditionally underserved populations, (2) recovery from inadequate previous education, and (3) is the actual basis of a good learning environment.
7. **Extraordinary quality can open up new markets and adapt to new needs** and thus expand enrollment.
8. **Innovation in an environment of high need can lead to improvements in education quality more rapidly and more deeply**, which can be widely applicable and raise the general level of education quality.

## **6. Open questions about the optimal structure and staffing of community colleges.**

The roots of community colleges have a deep connection to secondary education, yet community colleges are in many ways a part of post-secondary and higher education. However, staffing and organizational structures are very different between the two. The current low standing of US K-12 education in relation to systems of pre-college education throughout the developed world, as well as higher education's history of excluding significant historically underserved populations, suggests we carefully consider issues of staffing and structure. Strategically, this can be important and connected to the effectiveness and efficiency of the college, which provides reason to reconsider what Terry O'Banion called the "architecture of education" both in the sense of its pedagogical and organizational structure.

In his introduction to Beach's recent book referred to earlier, W. Norton Grubb, David Gardner Chair in Higher Education, University of California, Berkeley, writes:

To take a historical perspective again, in many ways the country took a wrong turn in education after 1900, just as high schools were assuming their modern form and as the first community colleges were being founded. That direction was codified by the so-called administrative progressives with their emphasis on efficiency, uniformity, top-down control of institutions instructional approaches that have come to be seen as conventional, quantification of inputs and outputs, and an approach to the diversity of students that stressed stratification of students and allocated the lowest-performing students to the worst-resourced tracks and institutions. Indeed, even though administration progressives concentrated on the K-12 system, community colleges are in many ways perfect examples of their ways of thinking: low-cost and therefore efficient institutions, enrolling large numbers of low-performing high school graduates in colleges with relatively few resources, conventional teaching, and top-down administration. Fortunately, there are glimmers of change in K-12 educations and in some colleges following the pedagogical progressives such as John Dewey. These

institutions place a greater emphasis on equity by allocating resources differently, focusing on effectiveness rather than efficiency, implementing real changes in instructional approaches and assessment, distributing leadership among faculty and administrators rather than exercising it in authoritarian ways, and providing a fuller roster of student support services. This is a much more powerful vision than the one emerging from administrative progressives, particularly given the importance Americans have always placed on education. If followed consistently by all supporters of education, it could reshape community colleges as well as K-12 education as real gateways to opportunity rather than as barriers.

While Grubb may be unfamiliar to our college community, Terry O'Banion, of the League for Innovation in the Community College of which Lane is a member, is familiar, and he has much the same to say in his own way in a *Learning College for the 21<sup>st</sup> Century*.

When the nation changed from an agricultural to an industrial economy, the old school structure remained but was updated and streamlined to fit the new industrial model. "Scientific management" and hierarchical organization, the bedrock principles of bureaucracy, were introduced in the schools, in part to socialize youth in the virtues of order and discipline. More importantly, the modern factory, pioneered by Henry Ford in the production of automobiles, appeared ideally suited to schooling that up to this point had flourished in the cottage industry of one-room schoolhouses. Schools could be operated like factories with students as products moving through an assembly line. Teachers were the workers who turned out the products, and they in turn, managed by principles and presidents, the management bureaucracy.

... Today this inherited architecture of education places great limits on a system struggling to redefine and transform itself into a more learning-centered operation. The school system, from kindergarten through graduate school, is time-bound, place-bound, efficiency-bound, and role-bound. There is almost universal agreement that these bonds must be broken if the schools are to be redesigned and reengineered to place learning first. ... Changes to the educational structure will provide highly visible testimony to changes in policy, governance, funding, mission, and values.

These critiques clearly privilege "some colleges following the pedagogical progressives such as John Dewey" and taking action based on "universal agreement" that these bonds [of "time-bound, place-bound, efficiency-bound, and role-bound" schools] "must be broken if the schools are to be redesigned and reengineered to place learning first." Such bold statements are made with the expectation of mindful collegial collaboration, which should be part of concrete strategic/financial planning that "create real gateways to opportunity."

Awareness of the historical roots of community colleges opens up questions about optimal institutional structure at this time. In this context, the creation and

implementation of a real system of long-range financial planning at Lane open to the ideas and participation of the entire college community is a significant step toward more effective organization.

## **7. Emerging future narratives of successful, fully funded community colleges.**

At the start of the book “The Open Door College”, 1960, by Burton R. Clark (quoted earlier), there is a quote from Richard Hofstadter and C. DeWitt Hardy, from “The Development and Scope of Higher Education in the United States”, Columbia University Press, New York, 1952, pp. 141-2. It reads:

A new institution, the junior college, has sprung up in numbers to meet the demand for something like mass education beyond the normal four-year secondary school ... It is in many ways a transitional institution. Its courses of study have the quality of both secondary and higher education ... Over the years its relationship to higher education will become clearer, but the junior college will, in all probability, borrow more than it will contribute to the quality of higher education.

The quote is both a reflection of the best thinking of the times and a challenge to those of us thinking about the narrative of the community college that will need to be constructed to correspond to the successful, full-funded community college, which students and our society needs. What might be elements of this narrative?

The discussion previously points to a basis for community college existence in providing appropriate pathways for those who drop out of high school or graduate less than college-ready, currently the majority of high school age people. It points to community colleges existing to bringing students through under-graduate lower division into upper-division study at 4-year colleges and universities, including those students who are first-generation college students, historically underserved by and under-prepared for higher education, or providing professional technical education to students.

The historically underfunded and under-equipped community college has managed to only accomplish an approximation of this, as most of our student fail to receive bachelor's degrees elsewhere or career-technical associates degrees here that were their initial goals.

One plausible viable narrative is that education quality is important. And as we achieve the capability for providing more effective, needed learning environments, we will increasingly attract students and support for further advancing our capability until we reach the capability to serve the educational desires of all our students.

Thus, the truly successful community college will provide lower-division educational environments that accomplish what 4-year colleges and universities are currently incapable of accomplishing! Likewise, the truly successful community college will

provide, if necessary, secondary educational environments that accomplish what high-schools are currently incapable of providing! This is an accomplishment well worth our lives and Lane's strategic narrative.

In the course of this, we will have created and implemented effective pedagogical approaches that, contrary to the predictions of Hofstadter and Hardy, will make significant contributions to higher education as well as secondary education. If we do this, it will be because we are in a structural position that requires us to do it, and we develop the strategic unity to accomplish it.

The above narrative is presented to concretely illustrate a narrative of becoming a fully funded successful community college starting from a place we recognize as inadequate. Perhaps the narrative Lane will settle on is not exactly the one presented above. The point, however, is that a narrative is needed. And the purpose of the example is to raise this question more concretely: If this does not seem to be a particularly viable narrative, what is the alternative? If this one is incomplete, what else is needed? Long-term financial planning invites and requires answers to such important questions.

### **Education-Related Funding Frameworks for Tracking Progress, Potential, and Viability of Future Options**

The implementation of long-term financial planning requires attention to additional collection and organization of routine data regarding key strategic educational elements and dynamics, which could be organized around key questions, including the following:

1. **What is the nature of the potential student population Lane could serve and the population it does serve?** The answer would include defining and counting a variety of demographic data and modeling involving population sizes, educational readiness, aspirations and desires, economic and social resources, and current place in the educational "system". Comparisons to corresponding data from other colleges could provide comparisons or effective models and benchmarks for this and other categories of concerns raised below.
2. **How successful is Lane in recruiting all potential students and how successful are those students?** Measures of success would include the student's goals and their modification and characterizing barriers to that success as well as successful pathways, along with financial implications.
3. **What do potential students know about the opportunities provided by Lane and how can their understanding become more accurate and inspiring?** The answer would include what is needed for providing that knowledge to this diverse population, and what are the associated expenses and financial returns.
4. **What is the level of our commitment to, and progress in, creating the quality of learning environments needed?** The answer would include

measures of how close are we to sustainably implementing and surpassing proven best practices and how fast we are moving toward these goals, and what are the associated expenses and financial returns.

5. **What can be done to optimize the effectiveness of the “front lines” in constructing the most effective learning environments?** The answer would include defining these front lines, what support is needed, and what are the associated expenses and financial returns.
6. **To what extent are we funding those (above) options and assessing their effectiveness?**
7. **What are our specific long-term strategic plans and their financial implications?** In particular, what are the measures of their completion and the results achieved, to what extent is the college community engaged in understanding, making, and implementing these plans, and what are the associated investments, costs and efficiencies involved?
8. **What is our ability and success to achieve enrollment that fully serves student need and achieves maximum “market share” that maximizes FTE reimbursement and property tax revenue?** The answer would include modeling class demand, including latent demand (demand that would be present under other conditions), and estimating financial consequences. The evaluation of “ability to achieve enrollment” would involve competing interests in maximizing long-term revenue taking into account costs.
9. **How is education quality or initiatives to achieve greater quality leveraged to achieve greater enrollment?** The answer would include analysis of competition for student enrollment and associated expenses and revenue.
10. **In what ways do efforts and success in raising educational quality create leverage for productive collaboration?** The answer would include expected and unexpected consequences and associated costs and revenue.
11. **How do we model the long-term relationship between our enrollment-producing strategies and revenue?**

Answers to such questions provide a framework for understanding and giving meaning to financial and educational data and tracking college-wide participation and progress in long-range financial planning.