The ‘Shifting Box Paradox’ for Public Policy

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I often wonder if we are not living the reality of the boiling frog metaphor. Drop the frog into a pot of boiling water, and the smart fellow instantly jumps out to save himself. But throw the unsuspecting frog into cool water, he will contently swim, unaware that the water is being slowly heated over a long period. The frog eventually cooks because he is inattentive to the small, incremental changes in temperature and thus goes numb to the realities of the water he’s swimming in until it’s too late.

I was reflecting on this metaphor as Doug Estry, the Associate Provost for Undergraduate Education at Michigan State University, delivered his acceptance speech for this year’s Alumnus of the Year Award at the Michigan Community College Association (MCCA) Annual Conference. I was struck by his comments that the rapid pace of change is requiring institutions of higher education to not only help students “think outside the box,” but in fact they have to help students realize that the box is rapidly changing, and students have to develop the skills and agility to continuously adapt. This brutal reality of our impatient, globalized, economically-interdependent, information-rich, and just-in-time existence is a challenge not just for students, but for all of higher education. Clearly, the frog can no longer afford to just swim unaware of the changing realities around him.

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But what are the implications of this relentless reality for public policy? How can state legislatures and Congress help moderate the ever-heating water and balance the need to support and strengthen higher institutions as they work to adapt and innovate, while also responding to the public’s concerns about cost, transparency, student loans and defaults, and the need to hold institutions accountable for student success? Therein lies the ‘Shifting Box Paradox’ for public policy.

Congress is filled with dialogue centered on the reauthorizing of the Higher Education Act. Senator Lamar Alexander, chairman of the Senate Committee on Health, Education, Labor and Pensions, has prioritized the reduction of red tape in the reauthorization. Although Vanderbilt University claims that it spent $146 million complying with government regulations,1 the intensifying debate over whether to reduce federal government regulations requires a disciplined analysis of unnecessary institutional constraints. We need to identify regulations critical for protecting students, and what is superfluous and rightly should be eliminated. The solution, I believe is as Michelangelo once noted: “You just chip away everything that doesn’t look like David.”

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Congress also is exploring ways to make colleges have “skin-in-the-game” and share in the financial risk of the federal loans they provide students. Although the cost of attendance is the lowest at public 2-Year institutions and only 17 percent of community college students borrow,2 so called “risk-sharing” will be a significant policy priority for all of higher education with U.S. student loan debt now exceeding $1 trillion and 40 million Americans having at least one outstanding student loan (up from 29 million in 2008; an increase of 84%).

Quality assurance and a potential overhaul of accreditation are also concerns, with some interest in making it easier for innovative models of education to gain approval. Other priorities include simplifying the FASFA and potentially the reinstatement of summer Pell awards. Discussion has also centered on weighing new ways to hold colleges accountable for their students’ success. Although President Obama’s controversial ratings system proposal crumpled under pressure, a strong agenda remains for increased transparency and the need for better consumer information.

To some extent, state legislatures also attempt to balance economic pressures with the need for more flexibility and expanded accountability. Although many states have increased support for higher education to restore funding, states are still funding higher education below pre-recession levels.3 The average state has cut higher education funding per student by 23 percent since the recession hit and it is alarming to note that Arizona took the draconian step of defunding (zeroing out) the Maricopa and Pima Community College Districts -- two of the largest in the state.4 Such action raises an important public policy question about whether higher education is a ‘public good’ or a ‘private good.’

State legislatures increasingly are resorting to performance-based funding to achieve increased accountability and student success outcomes. More than two-thirds

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Community college governance across the nation is difficult to conceptualize, chiefly due to the differing organizational and policy structures from state to state. An agile and effective governance structure is required to help colleges remain on the forefront of community needs. The AACC posits that the pressure to improve institutional effectiveness and efficiency placed on governing boards will continue to increase, whether those boards are institutional or state-level, elected or appointed. We posed the following question to emerging and national leaders; their answers appear below:

**QUESTION OF THE MONTH:**
**How do you see the role of community college Boards changing to meet today’s various accountability standards?**

Whether a trustee is elected or appointed, partisan or nonpartisan, he/she should represent the constituency served by the community college district.

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When considering the myriad governance structures at community colleges, the reoccurring issue of accountability continues to plague the discussion. Despite the plethora of studies and research, the fundamental question still prevails: who holds the trustees accountable at the community college in serving the needs of their constituency?

In most states, the constituency has a clearly defined geographical boundary. Granted, these lines are blurred when “free flow” applies. In California, “free flow” allows a student to take classes outside of their defined geographical boundary at in-district rates. From a broad perspective, the constituency of the community college is identified as the residents who live within the defined geographical boundaries. However, that presents a challenge when one considers how the trustee was elected/appointed to the seat. The constituency could refer to the Governor, Mayor, County Board, financial contributors, state legislature, political party, those who voted for the trustee, the individual trustee, and more.

As we all know, each trustee, rogue or sincere, scorned or prominent, only has one vote when it comes to taking action in the best interest of the community college. In determining the best interest of the college, how does a trustee recognize the best interest and whether or not the best interest is making a difference for the constituency?

In reflecting on my experiences as a trustee and talking with trustees across the country, I favor a clear, comprehensive, and measurable civic engagement plan to guide and hold trustees accountable for the best interest of the community college. As a part of this plan, components should include input from students, citizens, alumni, community college staff, various employers in the constituency area, clergy, local school districts, economic and workforce development agencies, and local and regional government agencies. Through a clear, comprehensive, and measurable civic engagement plan, it is possible that trustees could reduce personal bias and/or influence from special interests. One might consider the challenges facing community colleges, such as the increasing number of students entering remedial classes, the impact of the default rate on student loans, and the health care and pension costs for employees when formulating the civic engagement plan.

If accountability starts at the top, it is high time the constituency takes ownership and ensures a clear, comprehensive, and measurable civic engagement plan to hold all members of the Board of Trustees accountable.
The policy landscape around higher education and implications for governance changed forever in the autumn of 2006. Then-Secretary of Education Margaret Spellings’s Commission on the Future of Higher Education completed its thorough and high-level study on higher education and determination of what must change if the nation were to continue to deliver on the promise of high quality, accessible, and affordable education. The product of the Spellings Commission, “A Test of Leadership: Charting the Future of U.S. Higher Education,” issued a clarion call for improvement:

*We urge the creation of a robust culture of accountability and transparency through higher education. Every one of our goals... will be more easily achieved if higher education institutions embrace and implement serious accountability measures.*

The Washington, D.C. higher education community and the nation’s higher education leaders sat up and took notice as never before. In the aftermath of the Commission’s report release, state universities and land-grant colleges created the Voluntary System of Accountability (VSA), the first national, standardized attempt to collect and disseminate metrics on key measures of institutional performance. The private, nonprofit colleges and universities created the similar U-CAN system, providing high level consumer-friendly data designed to inform students and parents about the effectiveness and responsiveness of the sector to the goals of greater transparency and accountability.

The national community college associations, including the governance organization that I lead, Association of Community College Trustees (ACCT), later created the Voluntary Framework of Accountability (VFA), beginning in late 2009. Today, the VFA is being used by 161 members representing 39 states, including 152 college members, three centralized members, two consortia members, and four supporting members. Seven states participate as collectives through entities such as the City University of New York, Iowa Department of Education, Michigan Community College Association, and similarly associated bodies.

Concomitant with the accountability movement, states began to reassess and reenact performance-based funding measures, driven by new and changing accountability standards. Eighteen states now have performance-based funding policies for all of higher education, with an additional five states with measures applying solely to community colleges. While performance-based funding was the relative darling of legislatures and governors in the 1980s, today’s variants come with real teeth and affect more of the state allocation to colleges and universities, subjecting institutions to more rigorous and consequential measures. Concerns about tuition inflation and concerns related to matching programs to gainful employment fueled renewed interest in higher education governance, and especially in the selection of community college boards.

In 2009, as the accountability movement gained momentum, President Obama and several leading philanthropic powerhouses including the Bill & Melinda Gates and Lumina foundations challenged higher education to double the number of adults with college degrees by 2020 or 2025. Thus, in addition to fostering greater transparency and accountability, community colleges in particular were asked to focus intensely on student success and completion. This last great sea change in policy focus was driven by the growing sense that community colleges, as well as all of higher education, had gotten off course and off mission relative to graduating and transferring students successfully.

The pressure on community college governance is enormous and is not likely to lessen anytime in the foreseeable future. In fact, the need to appoint and elect trustees with a clear-eyed commitment to student outcomes, greater stewardship over declining public resources, more emphasis on innovation, and use of big data and data analytics is growing more acute by the day. The challenge for all of us lies in the reality that community college governance is part and parcel of the American political landscape and tradition. For governance to work as it was intended, we need to focus intentionally on who gets appointed and elected to community college boards – whether those boards are local, district, or statewide.

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The boards of today (and even more so tomorrow) need to be more entrepreneurial in their policy and mission-setting. They need to take more and better-informed risks and take positions that challenge the status quo and institutional culture. They need to become well-informed generalists, whose decisions are guided by data and adherence to holding presidents and institutions accountable for meeting their benchmarks and strategic priorities. This will not be easy in an enterprise that is largely human-centered and high-touch. But the responsibility to hold an enterprise in trust was not meant to be easy, nor taken lightly. Getting it right means all of us will prosper as never before.

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of states are currently developing and/or implementing outcomes-based funding policies and a number of other states are interested. Most models are still focused on distributing “new money” based on performance, but many states are conditioning institutions’ base funding on outcomes. Our reality demands the ambidextrous ability of leadership and boards to manage institutions effectively and efficiently, while also rapidly and continuously experimenting, innovating, and taking significant risks with new business models.

In Michigan, legislators and the Governor have made community colleges a priority, and even in the toughest of economic times, rewarded colleges with small increases in appropriations. The community college funding formula, currently under review by a taskforce, has for over a decade included performance-based components for new revenue. Tying funding to student outcomes is a concept with inherent political appeal; the same is true for tuition control policies. The community college appropriations bill in Michigan has been free of tuition restraint language, while universities have seen new increases to funding contingent on tuition restraint. These policies might make sense from a political standpoint, but state caps on tuition may be counterproductive. Research has shown that states with tuition caps experience higher tuition growth than states with no caps. Missing from the debate on tuition restraint, particularly related to community colleges as they embrace access with significant pressures to increase student success, is a sober discussion on the cost of quality. So what can be done to lower the temperature and help institutions (and by extension, students) better position themselves to solve the Shifting Box Paradox? Our reality demands the ambidextrous ability of leadership and boards to manage institutions effectively and efficiently, while also rapidly and continuously experimenting, innovating, and taking significant risks with new business models.

With no higher education coordinating authority in Michigan and locally-elected boards of trustees, the decentralized governance structure allows community colleges significant autonomy. To support the institutions, the MCCA has been working with its 28 member colleges to build and cultivate a network-centric organizational model. The core is focused on legislative and public advocacy, working to reduce the ever-heating waters, and to provide institutions with much-needed flexibility. Bee-hived around the core are centers of excellence, each with a different business model and entrepreneurial approach to supporting institutions with collective action and innovation in online learning, global ventures, student success initiatives, and workforce development.

Beyond awareness and collaboration with like-minded organizations, our changed reality suggests the necessity of embracing the accelerating pace of change rather than shunning it. Clearly, the competitive pressures from the commoditization of education and a demanding public require that we seriously address the complex ways in which public policy is contributing to the relentless heating waters. The Shifting Box Paradox is not something to be solved at once, but rather it is a challenge that is here to stay and will require disciplined, thoughtful, data-informed decision making, persistent tenacity, and both critical and creative thinking. Let’s save the frog from a slow and unsuspecting boil.

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