



ASSOCIATION OF COMMUNITY COLLEGE TRUSTEES

Written Testimony of

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Community College Boards Are All About Accountability

The Association of Community College Trustees (ACCT) is a not-for-profit organization representing the nation's 6,000 publicly elected and appointed community college trustees in the nation's capital. Trustees oversee the nation's 1,100 community, junior, and technical colleges, serving 11 million individuals annually, with collective annual operating revenues of \$29 billion.

The Association has long focused on issues of institutional accountability, consistent with its membership's role as stewards, and has undertaken several large public policy initiatives designed to permit community college trustees to discharge their responsibilities as publicly accountable trustees. We are pleased to share summary information on these initiatives with the National Commission on Accountability in Higher Education and would be pleased to provide more detailed information if requested.

Among these initiatives are scientific studies yielding return on investment data on the impact of public dollars invested in community colleges, a technology-based tool for ensuring that college programs and services both address and respond to future labor force needs, and principles ensuring fiduciary oversight in the wake of Enron and corporate scandals. Each of these initiatives is designed to put powerful accountability tools and resources in the hands of trustees in order that they effectively discharge their responsibilities as institutional governing board members.

Return on Investment Model

Under ACCT's sponsorship, an economic modeling firm, CCbenefits Inc., has designed, tested, and is using an economic impact model that analyzes the array of benefits generated by community colleges. Thus far, CCbenefits has used the model at 262 colleges in 14 different states. The aggregate results are impressive, and suggest that policymakers can have access to measurable results

for gauging whether community colleges are accountable from a public finance and resource perspective. Currently, we understand that one state that conducted a statewide economic impact study is actively considering integrating the model into their performance-based funding apparatus.

Based on the results thus far, colleges provide more in direct government benefits than they cost – their operations pay for themselves, and then subsidize the other activities of government. The data show that community colleges pay their states and localities back in only 7 years, providing an average rate of return of 21 percent for every dollar spent to support the colleges. Put another way, every public dollar invested in a community college generates \$4 dollars in return. The model also allows policymakers to project social benefits of community college education and training; i.e., reduction in alcohol and tobacco use, reduced healthcare expenditures, drop in incarceration rates, and the like, all of which contribute to lower public costs and lower tax rates.

Students also see high rates from their investment – an important measure of institutional accountability. The model’s data suggest that student rates of return in terms of higher income resulting from investing in education are much higher than shown by earlier studies – 15 percent, as opposed to 10-12 percent.

“Real-Time” Accountability Through Technology

CC Benefits has created a second tool under the auspices of ACCT, to assist colleges in determining the future industries and occupations in their community, the demographic characteristics of the future student body, the future demand for community college courses, and the curricula necessary to meet employers’ projected needs.

The Community College Strategic Planner (CCSP) is a powerful software tool for measuring and responding to changing labor market forces. It enables

colleges to be even more responsive to area employers and business, while at the same time, using public resources more effectively to serve community workforce and economic needs. In effect, the CCSP provides “real time” accountability and allows community college governing boards and CEOs access to a readily available method for assuring community relevance.

Briefly described, the CCSP consists of an Occupation and Program Forecaster. This module projects jobs by industry, occupations, and course demand at the county level using data from the U.S. Department of Commerce, Bureau of Labor Statistics (BLS), and Census data – all publicly available databases. The CCSP simply matches the projections in labor force needs as far as 15 years into the future and compares these with the current institutional curricula. This permits institutions to assess the relevancy of their curricula to emerging and projected local area labor force needs.

The CCSP also allows institutions to forecast their future student populations by size, gender, and ethnicity for the current year, out to 15 years, permitting even greater institutional accountability to students, employers, and the community generally.

Safeguarding the Community’s Investment

The American Competitiveness and Corporate Accountability Act of 2002, generally known as the Sarbanes-Oxley Act, was enacted in the wake of the Enron and other corporate accounting scandals. The major purpose of Sarbanes-Oxley is to broaden federal rules governing the oversight responsibility of boards of publicly traded companies.

While the majority of the provisions of Sarbanes-Oxley apply only to for-profit companies, non-profit leaders acknowledge that the door may have been opened for closer scrutiny of non-profit governing boards. In response to this concern, ACCT has issued an advisory to community college trustee boards to

help them ensure that they discharge their fiduciary responsibilities in accord with the spirit and general intent of the new legislation.

ACCT supports the voluntary creation of accounting standards of good practice as a positive attempt to demonstrate the responsiveness of higher education to the changing external environment. We also believe that such standards, expressed through policy, should be adopted by community college boards.

It is critical, however, that community college boards understand and avoid adopting standards that would weaken the Board's fiduciary and oversight responsibility, rather than strengthening it. This concern is grounded in the principle of the "wholeness" of the Board. The Board, not an individual or even an audit committee, is charged with the responsibility for governing the college.

ACCT's recommendations focus on three primary areas: Independent Auditing Firms, Senior Management, and the Audit Committee. It must be noted that some states, by law and/or executive regulation, transfer the process for selection of the independent auditor to an external entity (State Auditor, Controller, Administrative Services, etc.). For colleges that operate under these legal requirements, these recommendations may only partial apply.

For more information regarding initiatives focusing on strengthening public accountability and community colleges, please contact J. Noah Brown, Vice President for Public Policy & Strategic Planning, Association of Community College Trustees, 202.775.4667, or nbrown@acct.org. Information also may be found by visiting ACCT's website, www.acct.org.