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Texas School Performance Review

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Austin Community College

Austin Community College (ACC) serves nearly 28,000 students at six campuses. As a founding board member and former president of the ACC Board of Trustees, I literally knocked on doors all across Austin to ensure a successful election in December 1972 to initially set up ACC. To this day, I continue to have a deep and abiding interest in the success of the college. In April 2002, following a series of announcements regarding a serious budgetary shortfall and the college's plans for cutting costs to address the problem, I selected ACC for a performance review.

Since the announcement, ACC has taken a number of actions to improve the college's financial position, yet challenges remain. The college's stellar instructional and academic programs demonstrate ACC's emphasis on the primary purpose of a community college—to provide academic courses, workforce development and lifelong learning.

After more than six months of work, my Texas School Performance Review (TSPR) team and I found that as ACC continues to improve its services and programs and looks toward future growth, ACC must address four major challenges:

- Improving communication and governance;
- Restructuring the organization and controlling staffing levels;
- Enhancing financial controls and accountability; and
- Managing student growth and improving student services.

This report identifies both exemplary programs as well as areas for improvement. If fully implemented, the 107 recommendations in this report could save the college more than \$15 million over the next five years. After

reinvestments of more than \$730,000, the college could realize net savings of more than \$14.3 million.

ACC's board and administrators must take swift, corrective action to restore trust and open communication with faculty, staff and the community it serves to stop infighting and ensure that its students receive the highest quality education. The board must hold administrators and staff accountable for their

actions and work with the administration to establish a clear vision for implementing the one-college concept. Staffing levels must be controlled and the organization restructured to ensure better internal communication and decision-making. Financial controls must be strengthened at all levels of the organization. And, most importantly, the college must prepare for growth by critically examining where it is today and establishing plans, policies and procedures that will allow the college to proactively prepare for that growth.

Community colleges play a vital role in Texas by providing a variety of offerings including technical and vocational programs; freshman and sophomore courses in arts and sciences; continuing adult education programs; compensatory education programs; workforce development programs; adult literacy classes; and other basic skills programs.

By addressing these issues and others, I believe ACC can move boldly into the future and set an example for other community colleges in Texas and across the nation to follow. I am confident that board members, administrators, faculty and community leaders are all committed to making the college the best it can be for its students.

Carole Keeton Rylander
CAROLE KEETON RYLANDER, Texas Comptroller

**TSPR recommended
107 ways to save
Austin Community
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KEY FINDINGS AND

TSPR examined Austin Community College's (ACC's) operations and heard from employees, board members, administrators, faculty, staff, students and community and business leaders. Following are the major proposals TSPR has developed to help the college address various issues:

Major Proposals

Improve Communication and Governance

- **Strengthen governance by conducting annual policy orientation workshops, team-building training and establishing controls for timely communication and requests for information between the board and president.** In 1996, Southern Association of Colleges and Schools cited the ACC board for micromanagement. In response, the board implemented the Austin Policy Governance Model, and has cautiously monitored every action, in some cases relinquishing authority to the administration by failing to hold them accountable for their actions. Mistrust once again is surfacing and, in frustration, some board members are becoming involved in day-to-day issues. When the board, as a whole, clearly outlines expectations and requires accountability for board goals and policies, a balance of power and trust can be restored.
- **Hold the president accountable for the successful implementation of the one-college concept.** ACC's one-college concept is not working as it was originally intended. ACC's board implemented the one-college concept to promote a greater degree of policy implementation, uniformity of programs and services and cohesiveness among campuses through improved communication, collaborative decision-making and effective leadership. However, breakdowns in communication and ineffective processes have adversely affected hiring, budget decisions, organizational management, faculty workloads and student services. By holding the president accountable for diagnosing and re-energizing the process, the intended effectiveness of the one-college concept can be achieved.
- **Hire an independent mediator to categorize and help resolve the issues of discontent between the president and the faculty.** The ACC faculty and president do not work well together, and the relationship between the two has deteriorated to the point that both parties are unable to focus on current issues. By hiring an independent mediator to resolve organizational conflicts, ACC could better negotiate and work collaboratively on establishing goals and objectives, carrying out shared governance and refining the one-college organizational approach.

Restructure the Organization and Control Staffing Levels

- **Restructure ACC's administration.** ACC's current organization is not functionally aligned and some positions perform duplicate functions. For example, the functions of the provost and two executive deans continue to duplicate functions performed by the campus operations managers. By restructuring some reporting relationships and eliminating two executive deans, one provost and five administrative assistant positions, the college

could save more than \$2 million over five years and eliminate redundancies.

- **Require the internal auditor to report administratively to the president and functionally to the Board of Trustees.** The Internal Audit Department's reporting relationships are not properly aligned. ACC's internal auditor reports functionally to the president and administratively to the associate vice president, Institutional Effectiveness making it difficult to conduct objective reviews. Changing the reporting relationships will ensure the internal auditor's independence is not impaired and will provide direct access to top management and to the Board of Trustees.
- **Apply enrollment criteria in the course scheduling process to maximize the use of faculty and classroom space.** The average 2000-01 ACC class size for full-time and adjunct faculty declined from 1997-98 levels. Enrollment maximums are based upon classroom size, availability of equipment and requirements of accrediting agencies for regulated programs. By evaluating each section individually for appropriateness and raising the average class size to 21 students from 19.6 students for full-time faculty and 19.4 students for adjunct faculty would require 25 fewer full-time faculty and 80 fewer adjunct faculty, resulting in annual savings of more than \$2.3 million.

Enhance Financial Controls and Accountability

- **Develop cash flow forecasts to use as a cash management tool.** ACC does not prepare cash flow projections beyond one day. By using cash flow projections as a planning tool, the college will be better able to predict and prepare for future cash requirements before the actual need arises.
- **Develop a model to project healthcare costs and to better budget for healthcare for ACC's employees.** ACC does not have an accurate method of estimating the amount of local dollars required to pay for healthcare for its employees. As a result, the college cannot predict how long its Employees Retirement System supplement will last or how many employees the money will cover. The lack of an accurate projection model contributed to ACC's fiscal 2001 budget deficit, which resulted largely from insurance payments ACC paid in excess of state allocations. A projection model could help the college plan for future healthcare costs and help ensure that the college is not caught short mid-year.
- **Require requisitions for all purchases more than \$1,000 and establish penalties for noncompliance.** Many budget authorities and employees requisition goods after they have been received and no penalties are imposed for violating policy and circumventing procedures. In essence, the college processes these purchases after the fact. Purchasers are allowed to disregard procedures without being held accountable and the college is not imposing penalties for repeated violations. In addition, it is labor intensive for the accounting clerks to pay vendor invoices that lack purchase orders. By enforcing purchasing policies and procedures and holding all ACC staff accountable, the college can ensure not only that all state laws are being complied with, but also improve the purchasing function's efficiency.

RECOMMENDATIONS

- **Develop a comprehensive contract management plan and assign contract management responsibility for all auxiliary and support services to the Purchasing Department.** ACC does not have a centralized contract monitoring function to manage all aspects of contract administration and ensure optimum contract performance. In January 2002, the Purchasing Department employed a contract coordinator to monitor the financial performance of ACC contracts, however, this position focuses primarily on coordinating the Purchasing Card Program and not the financial performance of contracted services. No one position or department is responsible for financial and operational performance oversight of contracts. By developing a comprehensive contract management plan, ACC could analyze operational and financial performance, conduct regular interaction with vendors, perform site inspections, require staff training and ensure compliance with legal requirements that would allow ACC to negotiate more lucrative contracts.

Manage Student Growth and Improve Student Services

- **Encourage out-of-district communities to join the ACC district.** ACC has the lowest number of annexed communities and the lowest percentage of assessed property value in comparison to its peers. Of the total number of communities served, 90 percent are out-of-district and only 10 percent are in-district. While ACC has aggressively tried to educate school districts and community members about the benefits of ACC, the Texas Election Code prohibits the college from using public funds for political campaigns for annexation. This does not, however, prevent students and community leaders from providing information and materials about annexation and the educational benefits of ACC to communities through political action committees.
- **Revise board policy by adding a cost-of-education pricing model as an additional method for determining out-of-district tuition.** ACC does not factor the cost of education into its determination of out-of-district tuition rates. ACC's \$81 out-of-district

tuition rate is 150 percent higher than the peer colleges' \$34 average rate and 204 percent higher than the \$28 state average. A study commissioned by ACC found that most other colleges' rates are based on a percent of the cost of education and estimated ACC's cost of educating out-of-district students at \$73 per credit hour, \$8 less than the college's \$81 current rate. This higher out-of-district tuition has resulted in a decline in out-of-district enrollment, resulting in a loss of state funds. By amending board policy to include the cost of education as a factor in setting the out-of-district rate, while maintaining the revenue-based model would allow ACC to develop a more equitable out-of-district tuition rate that would encourage rather than discourage out-of-district student enrollment.

- **Encourage student accountability by charging fees for late registration and class schedule changes.** ACC does not charge fees for special services such as late registration or schedule changes that require additional work, and reduces the college's ability to provide timely service to other students. Although not intended to be a profit generator, by charging fees at a level to recover the increased costs, fewer students may request such services, which will allow the Student Services Department to be more efficient.
- **Eliminate the mailing of course schedules to ACC households and encourage the use of online searchable class schedules.** ACC mass mails 508,000 course schedules each semester to all households within its service area, costing the college \$340,000 for postage and printing annually. ACC could save approximately \$156,000 annually in postage and printing fees by sending a postcard notification and eliminating bulk mailing of all schedules, and investing in an online searchable system, prospective students could download the college's schedule, and course information would be accessible within moments to anyone interested in enrolling.

What is TSPR?

The Texas School Performance Review (TSPR), a program of the Texas Comptroller's office, is the nation's first state-level vehicle designed to improve the management and finances of public school districts and higher education institutions.

Since its creation in 1991, TSPR has conducted in-depth, on-site management reviews of more than 85 Texas school districts and higher education institutions. These reports contain more than 7,000 recommendations that could save more than \$700 million in five year net savings when fully implemented.

These reviews diagnose administrative, organizational, and financial problems and recommend ways to cut costs, increase revenues, reduce overhead, streamline operations, and improve the delivery of educational services. TSPR not only looks for areas that can be improved, but also identifies exemplary areas to be shared with other educational institu-

tions across the state. The Comptroller's overall goal is to ensure that every possible education dollar is directed to the classroom.

A TSPR review is more than a traditional financial audit. Instead, TSPR in reviewing higher education institutions examines the entire scope of operations, including governance and leadership; instruction and academic support; student services; human resources management; asset and risk management; purchasing and warehousing, management information systems; college relations and alumni affairs; plant operation and maintenance; and auxiliary and service departments.

Individuals or boards can request a review or the Comptroller can select districts or higher education institutions for a review. In selecting districts for a performance review, the Comptroller gives highest priority to those school districts or higher education institutions that are poorly performing academically and/or poorly performing financially, and where a review will benefit the greatest number of students.

Exemplary Programs and Practices in Austin Community College

TSPR identified numerous best practices in Austin Community College (ACC). Through commendations in each chapter, the report highlights model programs, operations and services provided by the college's administrators, faculty and staff. Other community colleges throughout Texas are encouraged to examine these exemplary programs and services to see if they could be adapted to meet local needs.

- **ACC's developmental education programs integrate innovative learning opportunities and teaching formats for all students.** ACC provides a variety of learning opportunities and services such as the Academic Triangle and Developmental Reading to help under-prepared students meet their educational goals. ACC counselors and faculty work with students with a variety of learning styles to complete remediation courses and complete state-mandated educational requirements. By including diverse options for students and by measuring student outcomes, ACC's developmental faculty are effectively engaging students and having a positive effect on their learning.
- **ACC developed a business and industry collaboration model creating educational programs to enhance the development of a quality workforce.** ACC teams educators with area business leaders and key community groups including the Austin Chamber of Commerce, Austin WorkSource - Capital Area Workforce Development Board and Capital Area Training Foundation in industry "clusters." This model includes an annual college and career fair, classroom guest speakers, business and industry tours and on-site job internships. By connecting employers and educators, students receive high quality work-based learning experiences and employers connect with the next workforce initiating a future return on their investment.
- **ACC lowered the costs of workers' compensation and property casualty insurance by obtaining bids and by using an insurance consultant to assess RFP responses, review claims history and reevaluate policy deductibles.** ACC used a professional insurance consultant to assess insurance bids and evaluate deductibles, resulting in significant savings on its insurance programs. ACC's workers' compensation carrier notified the college in November 2001 that their rates would rise 288 percent to \$449,326, so instead, ACC obtained bids and found coverage estimated at \$280,000 per year.
- **ACC implemented the Purchasing Card Program (PCard) for purchases less than \$1,000 to reduce cost and improve purchasing efficiency.** In November 2001, ACC piloted 37 users to test purchases through the use of the PCard for small dollar purchases less than \$1,000. The PCard program was established with a major bank through the state's purchasing cooperative and is designed to reduce an organization's administrative costs for repetitive transaction processing tasks, such as authorizing, tracking and paying small purchases. ACC plans to implement the program collegewide with approximately 100-300 users in late fall 2002.
- **ACC operates a comprehensive Web site that provides students and the community with useful resources and information about the college.** ACC maintains a comprehensive Web site that includes detailed information about academic and workforce departments, continuing education, adult basic education, distance learning, including Early College Start and Tech Prep programs. ACC's Web site features tier menus that allow for direct, one-click access, to 71 different links and sub-menus. Maintaining a comprehensive Web site provides another avenue for ACC to communicate with its students and the community.

Requesting a Texas School Performance Review

To request a performance review, school district or higher education officials, civic groups, state legislators or other residents may send a written request to:

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