

TBR Global Shared Services: TCAT Perspective

A Maxine Smith Fellows Project

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by

Tachaka Hollins, Ed.D.

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Chelle Travis, Mentor

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ABSTRACT

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By Dr. Tachaka Hollins

Tennessee Colleges of Applied Technology (TCAT), members of the Tennessee Board of Regents (TBR) system, engaged three consultant firms to assess campus constituents' views of TBR performance. The findings reported by each consulting firms presented the need to improve the business arrangement between TCATs and their community college. The reported dissatisfaction with the lead institution agreement prompted the beginning stages in improved processes for managing TCATs business operations.

In an effort to increase cost effectiveness, efficiency, and productive TBR will implement a shared services center to provide a centralized administrative support services to its 13 community colleges, 27 TCATs, and the System Office with the core mission of advancing student success.

This paper presents a timeline of activities and tasks in the creation of a transition strategy for the TBR Global Shared Services project from the TCAT perspective.

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BACKGROUND

The Tennessee Board of Regents State University and Community College System of Tennessee is the legally constituted governing board for the Tennessee Colleges of Applied Technology (TCAT). The Tennessee Board of Regents was established under Chapter 838 of the Public Acts of 1972. In May 1963, the General Assembly of the State of Tennessee enacted legislation (House Bill 633) that provided for the operation of the State Area Vocational-Technical School System and placed in the system under the governance of the State Board of Vocational Education. The system remained under the State Board of Vocational Education until June 30, 1983 at which time it was legislatively moved to the Tennessee Board of Regents. Chapter 181 of the Public Acts of 1983 transferred the State Technical Institutes and State Area Vocational from the State Board for Vocational Education, to the Tennessee Board of Regents. The names of the State Area Vocational Technical Schools were legislatively changed to the Tennessee Technology Centers July 1, 1994. In July 2013, the name was again changed to Tennessee Colleges of Applied Technology.

Institutional Composite

There are currently 27 Colleges of Applied Technology in Tennessee that serve over 30,000 students collectively. Those campus locations include:

Athens
Chattanooga
Covington
Crossville
Crump
Dickson
Elizabethton
Harriman
Hartsville
Hohenwald
Jacksboro
Jackson
Knoxville
Livingston
McKenzie
McMinnville
Memphis
Morristown
Murfreesboro
Nashville
Newbern
Oneida
Paris
Pulaski
Ripley
Shelbyville
Whiteville

The Tennessee Colleges of Applied Technology are premier providers of state-of-the-art technical training and workforce development strategies. The network of TCATs is strategically located across the state to ensure that businesses and industries throughout Tennessee have access to a skilled and qualified workforce. The TCATs offer more than 50 occupational programs to help students train for a career or retrain for advancement opportunities. Additionally, TCATs help businesses build a skilled workforce and contribute to the economic and community development of the regions served.

The TCAT certificate and diploma programs are developed in collaboration with community, business, and industry leaders to address specified areas of need. The programs are designed to prepare graduates for state licensure when required for practice. Some TCAT academic credits may transfer to the community colleges (Tennessee Board of Regents, 2016).

Figure 1 shows the headcount by sector of higher education for fall 2015. These were preliminary numbers reported to the Tennessee Higher Education Commission (2015).

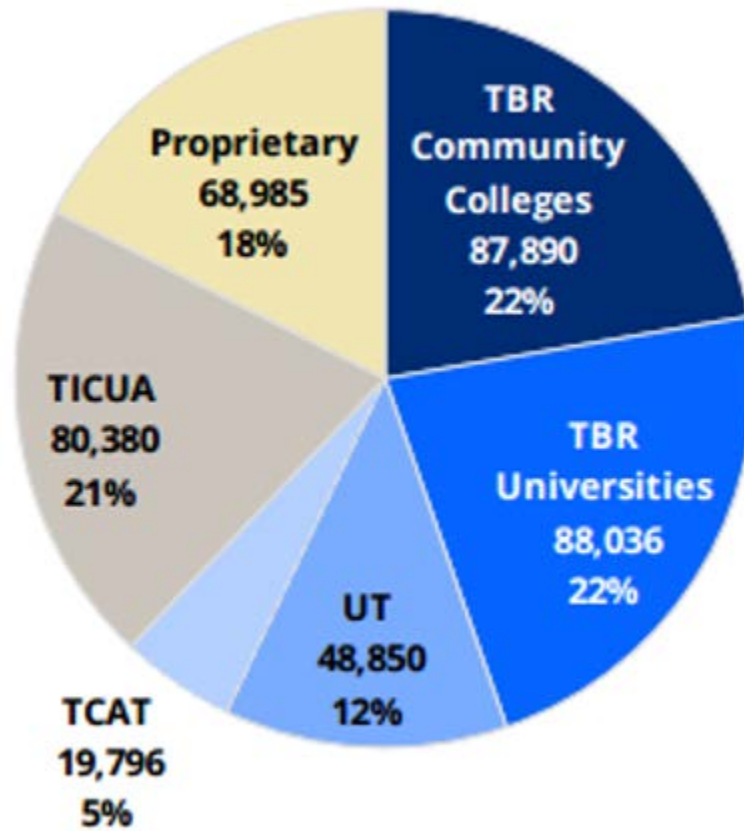


Figure 1. Headcount by sector

Figure 2 is a visual representation of full-time enrollment (FTE) by higher education sector for fall 2015. These were preliminary numbers reported to the Tennessee Higher Education Commission (2015).

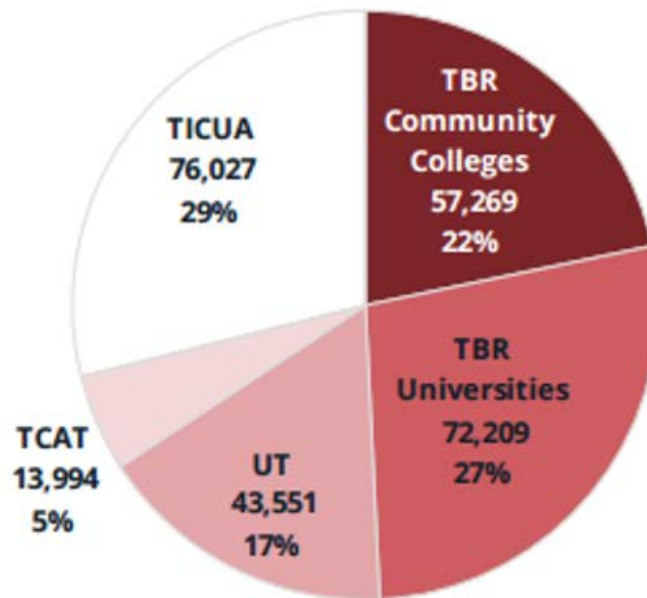


Figure 2. FTE by sector

Table 1 is representative of the headcount, FTE, contact hours for each of the TCAT institutions as reported to Tennessee Higher Education Commission (2015). For TCATs, FTE is calculated by THEC as the total number of contact hours divided by 900. TCAT calculations are based on enrollment data from the summer, fall, and spring academic terms.

Table 1. 2014-2015 TCAT Enrollment

Tennessee Colleges of Applied Technology Enrollment, Academic Year 2014-15			
Institution	Headcount	FTE	Contact Hours
Athens	422	260	233,964
Chattanooga	1,915	988	889,749
Covington	372	193	173,731
Crossville	587	352	316,448
Crump	443	233	209,287
Dickson	911	521	468,750
Elizabethton	807	507	455,945
Harriman	409	261	234,940
Hartsville	873	338	304,293
Hohenwald	680	336	303,060
Jacksboro	325	194	174,697
Jackson	1,477	496	445,732
Knoxville	1,605	726	653,168
Livingston	2,956	553	497,486
McKenzie	302	179	161,043
McMinnville	601	229	206,363
Memphis	1,632	892	802,887
Morristown	950	557	501,768
Murfreesboro	5,334	493	443,503
Nashville	1,413	835	751,576
Newbern	486	284	255,941
Oneida/Huntsville	514	224	201,621
Paris	562	335	301,550
Pulaski	1,669	457	411,083
Ripley	667	150	134,603
Shelbyville	979	488	439,954
Whiteville	587	188	169,469
Grand Total	29,478	11,269	10,142,611

Table 2 displays the number of awards by TCAT institution as reported to Tennessee Higher Education Commission (2015). Diplomas are awarded to students who have demonstrated the competencies required for a program and have been awarded the appropriate diploma upon completion, usually in programs of at least 900 clock hours. Certificates are awarded to students who have demonstrated the competencies required for a program and have been awarded the appropriate certificate upon completion, usually in programs of less than 900 clock hours. Supplemental Certificates are non-preparatory awards, usually related to a special industry or personal interest. Sufficient Credential refers to students who leave a program without a credential before graduation, but have acquired sufficient competencies for employment in the field of instruction or related field.

Table 2. TCAT awards

Tennessee Colleges of Applied Technology Awards for Fall 2014 through Summer 2015					
Institution	Certificates	Diplomas	Supplemental Certificates	Sufficient Credential	Grand Total
Athens	14	141	103		258
Chattanooga	*	512	*		679
Covington	44	65	16		125
Crossville	60	158	127		345
Crump	47	106		61	214
Dickson	*	250	284	*	614
Elizabethton	125	222	33	6	386
Harriman	45	108	81		234
Hartsville	76	135	27	360	598
Hohenwald	42	128	187	8	365
Jacksboro	54	107	49		210
Jackson	102	223	217		542
Knoxville	196	376	460		1,032
Livingston	54	167	1244	358	1,823
McKenzie	*	77	51	*	172
McMinnville	25	110	257		392
Memphis	194	417	68		679
Morristown	51	229	29		309
Murfreesboro	105	204	422		731
Nashville	195	350	*	*	598
Newbern	125	106	*	*	281
Oneida/Huntsville	31	97	153		281
Paris	76	186	92	7	361
Pulaski	175	104	1,277	19	1,575
Ripley	21	72	95		188
Shelbyville	71	226	376		673
Whiteville	49	84			133
Grand Total	2,264	4,960	5,749	825	13,798
Share of Total	16.4%	35.9%	41.7%	6.0%	100.0%

Table 3 contains TCAT completion and placement rates by campus as reported to Tennessee Higher Education Commission (2015). Calculated Enrollment is the difference between total enrolled during the period less students still enrolled. This is the definition developed by the Council for Occupational Education, the TCAT accreditation body. Completers Available for Placement are those that are not enlisted in the military or seeking additional education, as well as any that are not documented to be unavailable for employment because of situations such as pregnancy, other serious health related issues (physical/mental/behavioral), caring for ill family members, incarceration, death, etc.

Table 3. TCAT Completion and Placement Rates 2014-2015

Tennessee Colleges of Applied Technology 2014-15 Program Completion and Placement Rates						
Institution	Calculated Enrollment	Completed	Percent Completed	Completers Available for Placement	Placed in Field of Training	Percent Placed
Athens	181	144	79.6%	137	120	87.6%
Chattanooga	932	724	77.7%	671	632	94.2%
Covington	197	145	73.6%	139	111	79.9%
Crossville	281	248	88.3%	242	207	85.5%
Crump	233	184	79.0%	180	161	89.4%
Dickson	414	347	83.8%	310	263	84.8%
Elizabethton	492	415	84.3%	386	356	92.2%
Harriman	184	174	94.6%	165	148	89.7%
Hartsville	283	230	81.3%	227	199	87.7%
Hohenwald	275	252	91.6%	236	209	88.6%
Jacksboro	174	158	90.8%	140	124	88.6%
Jackson	380	317	83.4%	290	266	91.7%
Knoxville	803	642	80.0%	523	472	90.2%
Livingston	260	218	83.8%	190	165	86.8%
McKenzie	166	121	72.9%	105	92	87.6%
McMinnville	166	133	80.1%	125	102	81.6%
Memphis	800	673	84.1%	444	348	78.4%
Morristown	415	322	77.6%	302	283	93.7%
Murfreesboro	352	297	84.4%	270	214	79.3%
Nashville	757	571	75.4%	432	349	80.8%
Newbern	242	199	82.2%	183	151	82.5%
Oneida/Huntsville	150	131	87.3%	117	96	82.1%
Paris	313	258	82.4%	215	190	88.4%
Pulaski	189	174	92.1%	148	135	91.2%
Ripley	113	99	87.6%	93	84	90.3%
Shelbyville	376	323	85.9%	308	267	86.7%
Whiteville	177	142	80.2%	126	110	87.3%
Grand Total	9,305	7,641	82.1%	6,704	5,854	87.3%

Lead Institution Model

TBR Guideline- 110 (Lead Institutions) was established in 1984 to address the operational guidelines for lead institutions governed by the Tennessee Board of Regents. TBR G-110 provides guidance to both the community colleges (lead institutions the facilitator) and TCATs related specifically to budget development, revisions, monthly revenue and expenditure reports (accounting records), reconciliation of monthly reports, annual financial reports, fiscal management (operations and financial aid), processing payments, award checks (payroll, account payable, financial aid).

In July 2016 a survey was sent to each TCAT campus and compiled to capture how specific business and finance operations were being handled according to the lead institution agreement. The survey contained 35 questions addressing all functional areas and requested a description of duties performed at the TCAT level and at the lead institution. See Appendix A for the results of the survey including only responses related specifically to the business/finance functions.

Business Case: Community College Administrative Efficiency Project

As reported in the Tennessee Board of Regents (2015) business case on community college administrative efficiency project, the business case was developed to highlight a major efficiency strategy developed for the community college system. Under the guidance of the

Complete College Tennessee Act of 2010, along with additional direction from the Tennessee Board of Regents, the TBR system office will begin implementing a comprehensive plan for administrative efficiency to leverage best practices in shared services and centralization. The implementation cost projections total more than \$28 million. The case presented in this document outlines the request for one-time funding to absorb the cost of implementation and includes return on investment estimates. Our goal for this business case is to (1) highlight the plan to significantly improve efficiency across the community college system and (2) formalize the request for state funding.

Statement of the Problem

The Center for Organizational and Human Resources Effectiveness (COHRE) and Berry & Dunn Consulting engaged in comprehensive assessments of campus constituents' views of TBR's performance. In the reports, TCAT responses centered on the lead institution arrangement with community colleges and a preference that the financial reporting instead be managed by the TCAT System Office. Community colleges also recognized the need to address the business arrangement for improvements. This reported dissatisfaction with the TCAT and community college lead institution model prompted the beginning stages in improved processes for managing business operations at the TCATs.

As a part of the community college goal to increase cost effectiveness, efficiency, and productivity of current administrative services across the 13 community colleges of the TBR system, the Huron consultant group was engaged to identify opportunities for shared services.

One of the seven opportunities recommended by Huron, specifically addressed the need to re-evaluate the current support structure and services by the community college (lead institutions) to the TCATs (Huron Consulting Group, 2015).

LITERATURE REVIEW

The United States is a world leader in per student higher education spending, but lags when it comes to realizing a return on investment (Conklin, 2011). States will continue to struggle with the responsibility in funding higher education and will need to re-examine the collective benefit of higher education along with the way institutions are managing their monetary resources. Most state higher education institutions derive their most relied upon revenues from state appropriations, local taxing, tuition and fees, and federal grants (Barr and McClellan, 2011). The governance structure within higher education varies but has significant impact on the funding decisions and rules. State level funding for higher education is one of the most vital expenditures that legislatures consider.

According to a SHEEO (2016) report, states invested \$81.8 billion in higher education in 2015. This continues to be the largest single source of unrestricted funds levied by taxpayers. The total state funding to higher education has steadily increased for the third year from an investment of \$71.9 billion in 2012. Whether the intent is to sustain competitive advantage or to improve the higher education system, money is always an issue. Albeit additional resources potentially serve a greater number of students at a higher level of quality, but additional spending does not guarantee an increase in quantity or quality. Efficiencies and cost-savings are

perplexing issues in education finance. There is not a question about whether educators can find worthy uses for additional monetary resources, but whether the investment results in cost-effective and increased educational attainment.

TCAT SHARED SERVICES PERSPECTIVE

The purpose of the global shared services is to design and implement a centralized environment to meet the needs of TCATs and community colleges. Based on the findings of the COHRE report, Berry & Dunn Consultant report, and the Huron recommendations, the TCATs will adopt these recommendations which will contribute to the overall global shared services governance including the 13 community colleges. The recommendations include:

- Centralization of ERP System
 - Implement a single ERP instance across all 27 TCATs in order to maximize workflow, standardize processes, improve data consistency and access, and gain efficiencies and recurring savings from centralization of the ERP support functions and governance.
- Centralize Human Resources and Payroll Operations Shared Services
 - Create a shared services center for Payroll processing and distribution and Human Resources processing and management.
- Consolidate and Automate Enrollment Management (EM) Processes
 - Create a shared services center for back-end enrollment management (EM) processes that involve limited customer-service facing interaction with students.

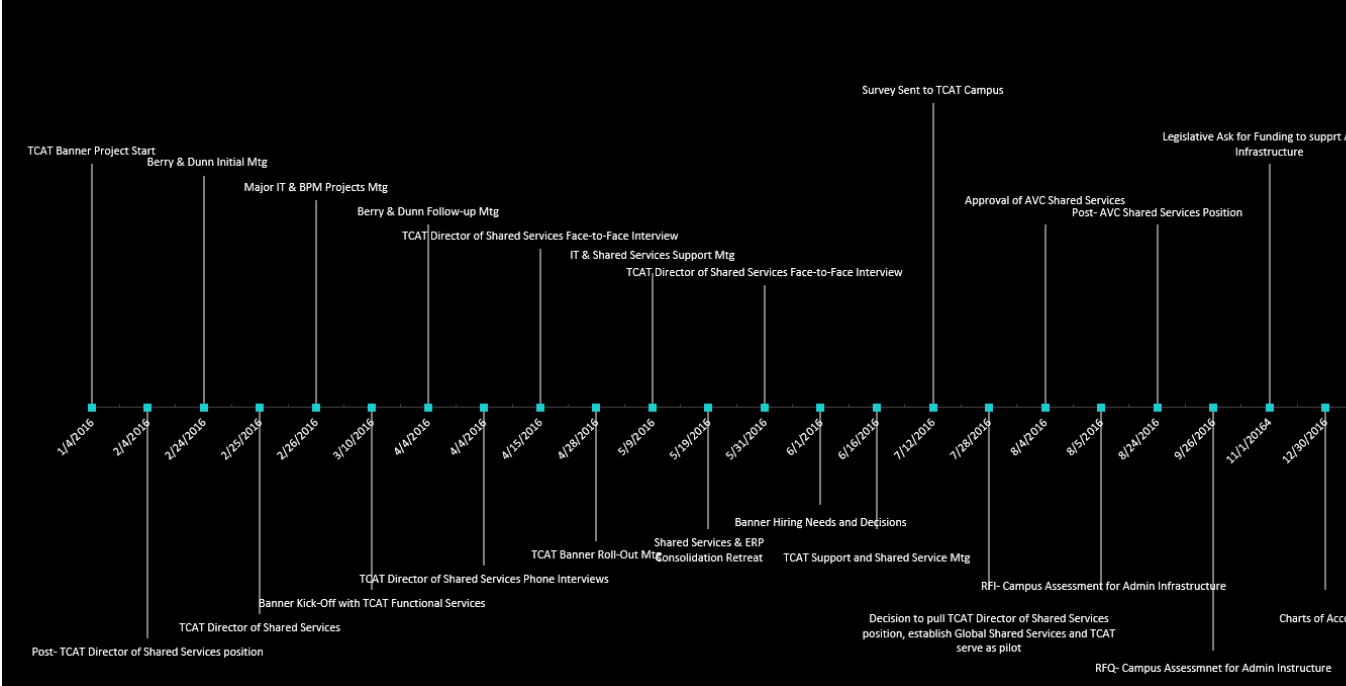
- Create Financial Operations Shared Services
 - Create a shared services center responsible for the majority of financial operations currently conducted at the campus level and through the lead institution agreement.

Timeline of Shared Services Activities

To successfully implement a global shared services, below is a timetable of activities that were established to ensure timely implementation. Table 4 is a visual representation of activities spanning January to December 2016 integral to the overall shared service project.

Table 4. Timeline of Shared Services Activities

Project Timeline



Project Milestones

Date	Milestone	Assigned To
1/4/2016	TCAT Banner Project Start	Travis/Mason
2/4/2016	Post- TCAT Director of Shared Services position	TCAT/Business Office
2/24/2016	Berry & Dunn Initial Mtg	TCAT
2/25/2016	TCAT Director of Shared Services	Interview Committee
2/26/2016	Major IT & BPM Projects Mtg	Travis/Lovett
3/10/2016	Banner Kick-Off with TCAT Functional Services	TCAT
4/4/2016	Berry & Dunn Follow-up Mtg	TCAT
4/4/2016	TCAT Director of Shared Services Phone Interviews	Interview Committee
4/15/2016	TCAT Director of Shared Services Face-to-Face Interview	Interview Committee
4/28/2016	TCAT Banner Roll-Out Mtg	Business Office/TCAT
5/9/2016	IT & Shared Services Support Mtg	Travis/Reynolds/Vieira
5/19/2016	Shared Services & ERP Consolidation Retreat	Lovett
5/31/2016	TCAT Director of Shared Services Face-to-Face Interview	Interview Committee
6/1/2016	Banner Hiring Needs and Decisions	TCAT/Business Office
6/16/2016	TCAT Support and Shared Service Mtg	TCAT/Business Office
7/12/2016	Survey Sent to TCAT Campus	Travis/Hollins
7/28/2016	Decision to pull TCAT Director of Shared Services position, establish Global Shared Services and TCAT serve as pilot	TCAT/Business Office
8/4/2016	Approval of AVC Shared Services	Business Office
8/5/2016	RFI- Campus Assessment for Admin Infrastructure	TCAT/IT
8/24/2016	Post- AVC Shared Services Position	Business Office
9/26/2016	RFQ- Campus Assessment for Admin Instructure	TCAT/IT
11/1/2016	Legislative Ask for Funding to support Admin Infrastructure	TCAT
12/30/2016	Charts of Accounts	Banner/Business Office/TCAT

TCATs will serve as the pilot for TBR shared services center and have established a go-live for target date for July 1, 2018.

CONCLUSION

The United States is a world leader in per student higher education spending, but lags when it comes to realizing a return on investment (Conklin, 2011). States will continue to struggle with the responsibility in funding higher education and will need to re-examine the collective benefit of higher education along with the way institutions are managing their monetary resources.

Currently, the administrative support needs of TCATs are served by the TBR Guideline G-110 (lead institution agreement). Based on report findings provided by COHRE and Berry & Dunn and Huron consultant firms, there is a need for revision to the TCAT administrative support related to accounting and budgeting, purchasing, personnel, student records, student financial aid, and institutional research/reporting. In an effort to increase cost effectiveness, efficiency, and productivity, TBR will implement a shared services center to provide a centralized administrative support services to its 13 community colleges, 27 TCATs, and the System Office with the core mission of advancing student success.

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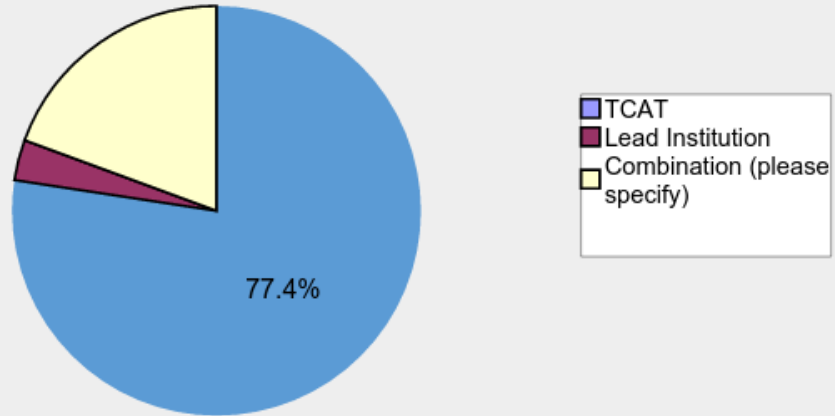
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APPENDIX A

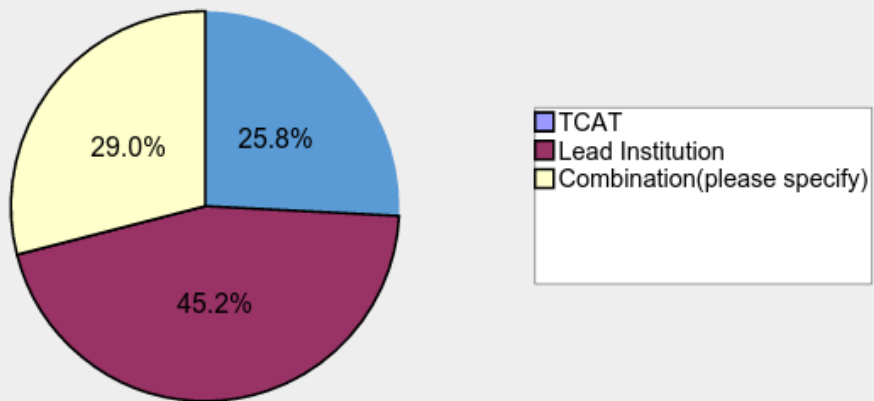
TCAT Shared Services for HR & Finance Functions

Survey Report of Responses (portion)

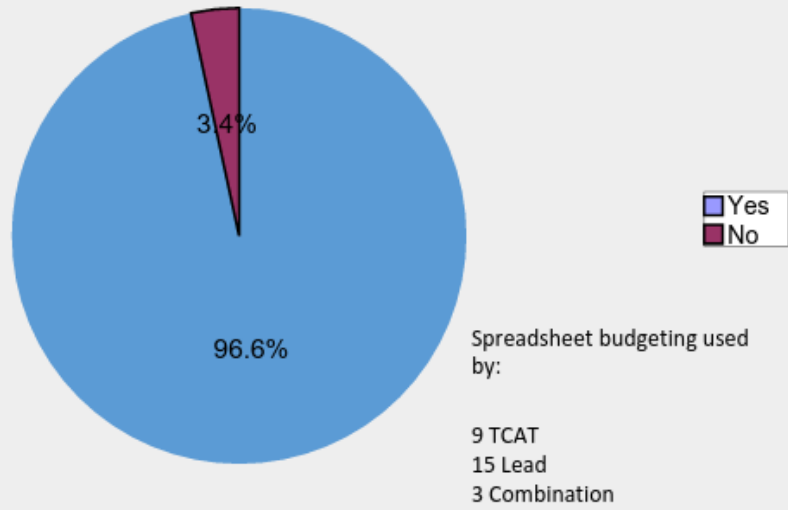
Q2: Budgeting: Who compiles the budget the TCAT or lead institution?



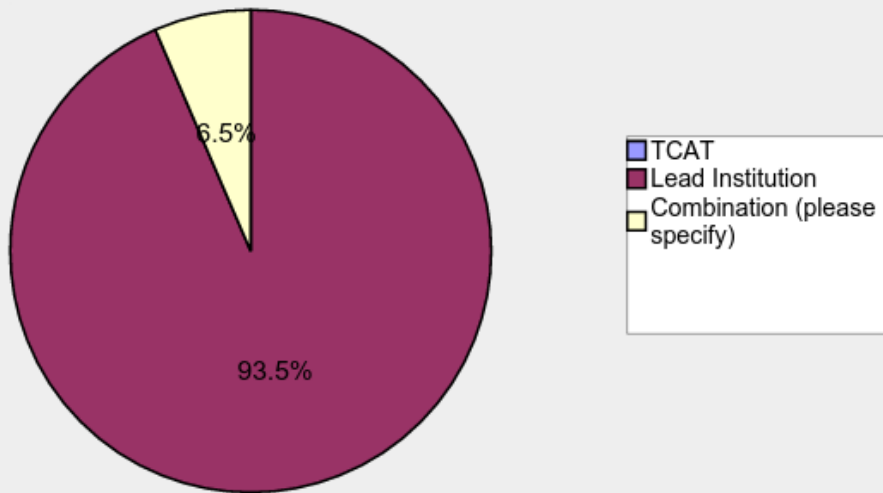
Q3: Budgeting: Who enters the proposed and revised budget in Banner?



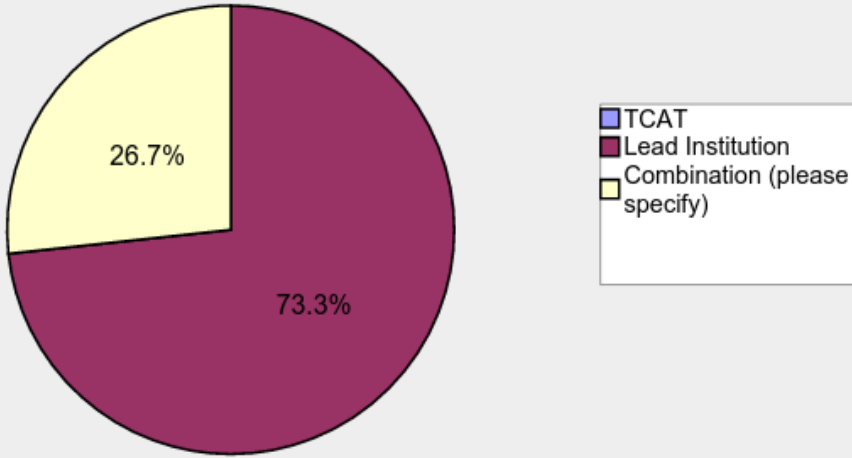
Q4: Budgeting: Is spreadsheet budgeting used?



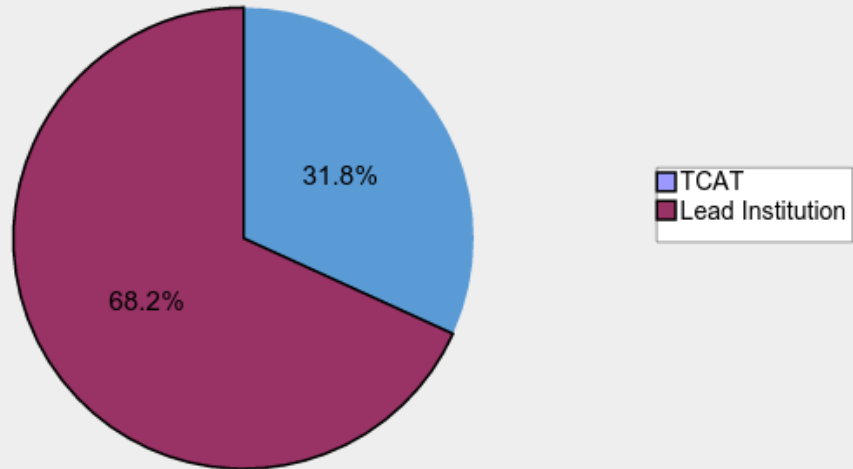
Q5: Budgeting: Who rolls the approved budget to the ledger?



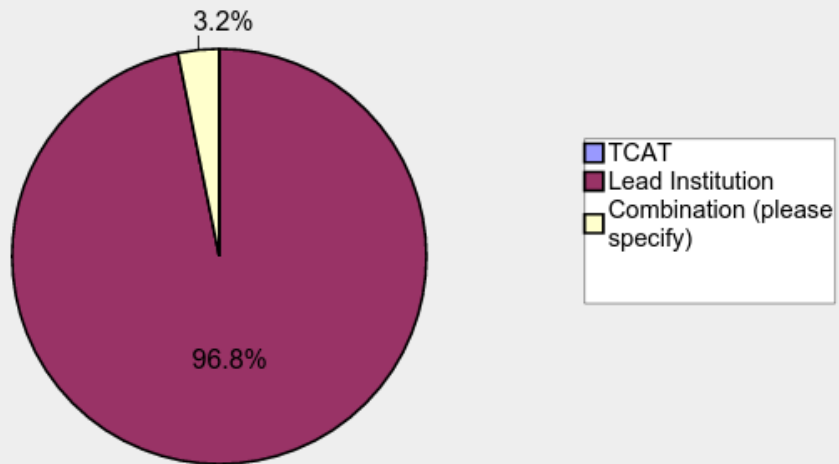
Q6: Financial Statements/Ledger: Who compiles the statements, MD&A. notes, etc...?



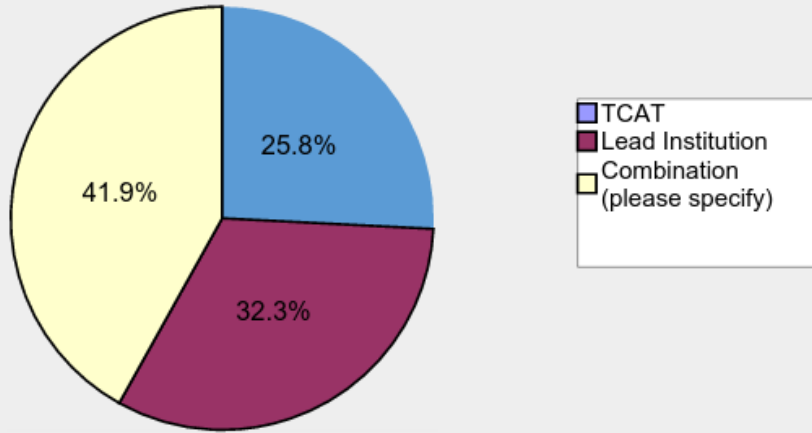
Q7: Financial Statements/Ledger: Who reviews the statements, MD&A notes, etc... for accuracy?



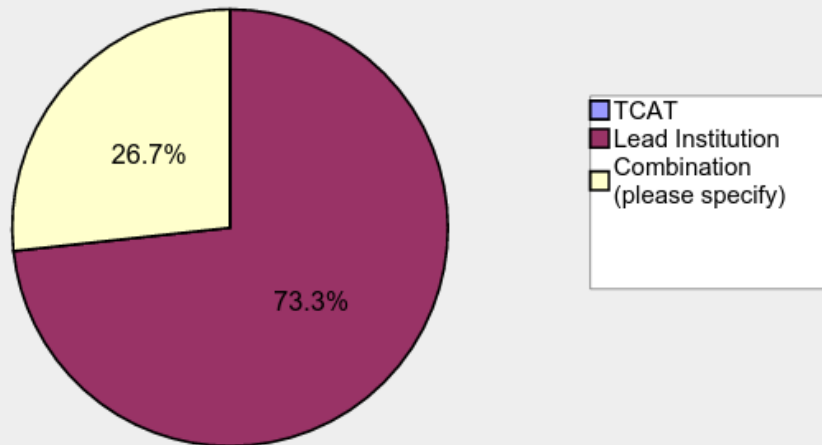
Q8: Financial Statements/Ledger: Who rolls the general ledger and loads the budgets for the new year?



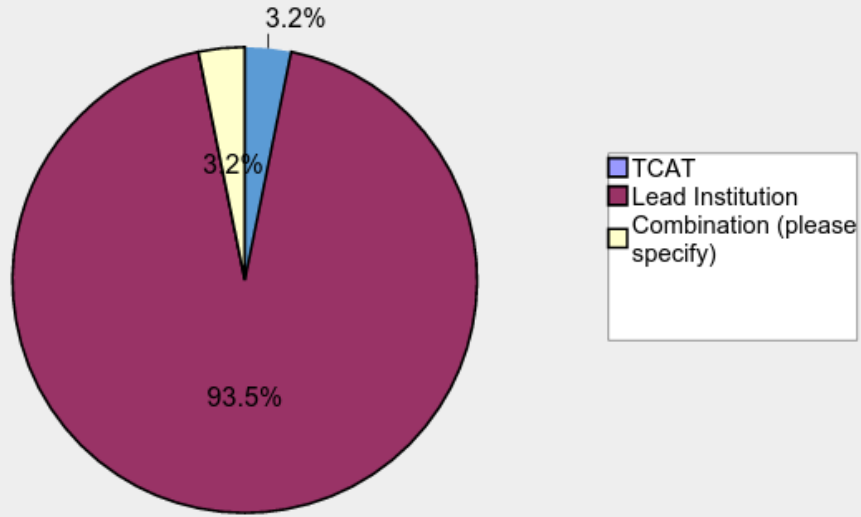
Q10: Financial Statements/Ledger: Who authorizes journal vouchers/corrections processed in Banner?



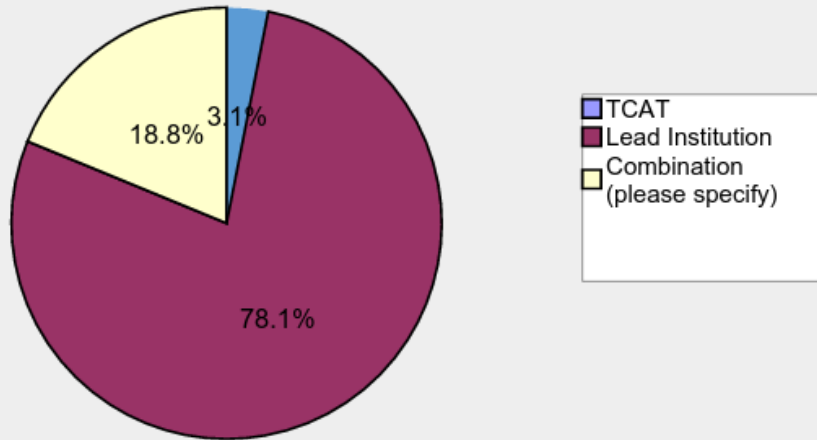
Q11: Payroll: Who enters and maintains support for payroll deductions?



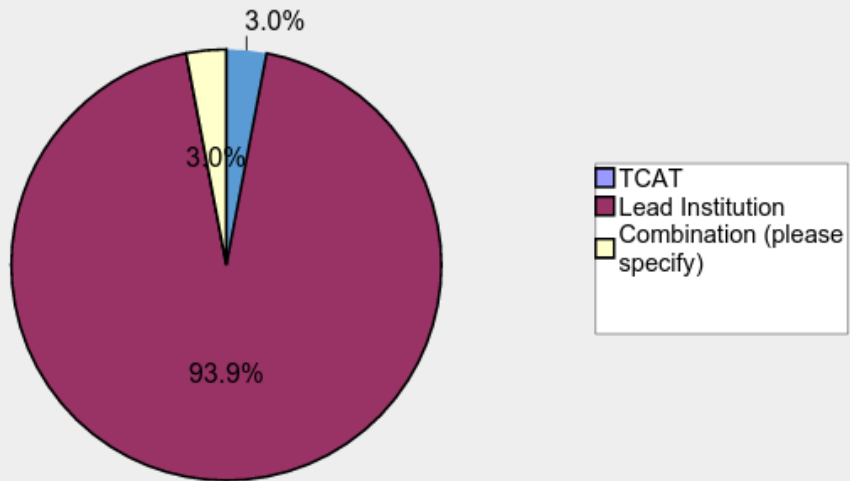
Q16: Payroll: Who completes 941's and other reporting requirements?



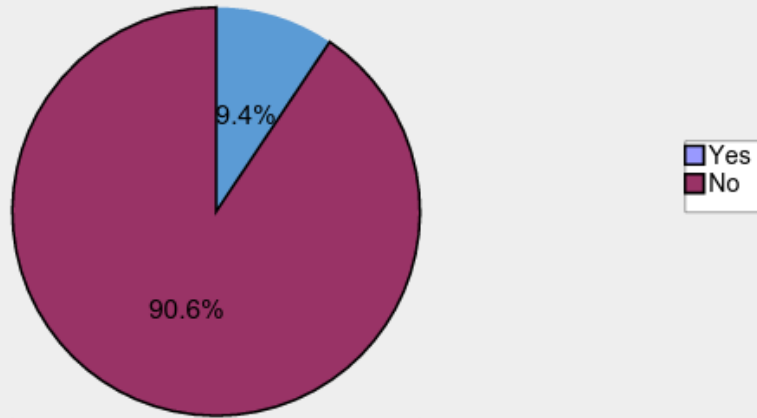
Q17: Payroll: Who prepares compensated absences and leave liabilities for financial statements and notes?



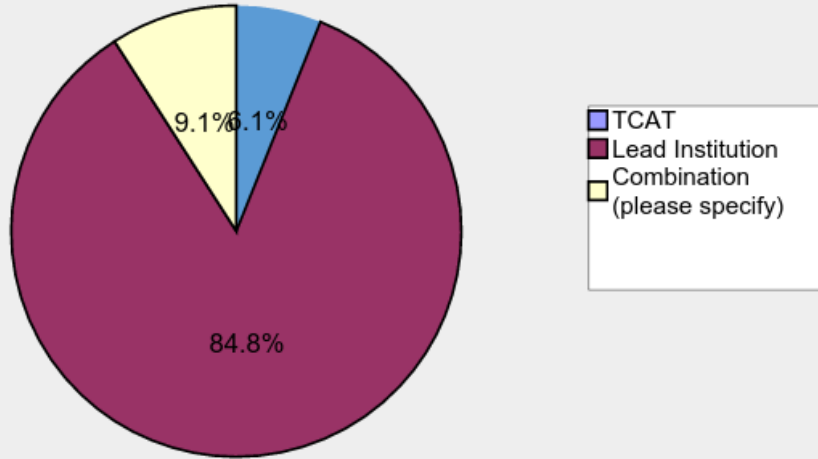
Q18: Payroll: Who makes updates in Edison?



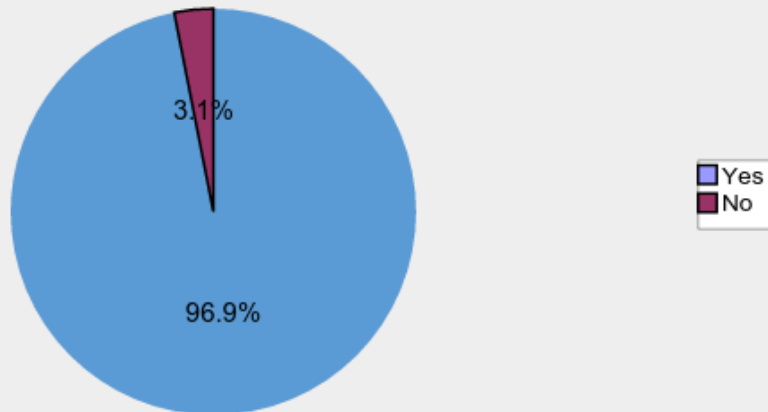
Q19: Payroll: Are any of the employees/positions set up in Banner at the TCAT level?



Q20: Payroll: Who is responsible for ACA monitoring and compliance?



Q28: Revenues: Are deposits made by the TCAT at a local bank?



Q29: Revenues: Who reconciles deposits to receipts?

