

Shared Services for the TBR Community Colleges: Recommendations for Governance

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Background and History

The Focus on College and University Success (FOCUS) Act is the next step in making sure Tennessee reaches its goal of 55% of adult Tennesseans having a postsecondary degree or credential by 2025. Now that postsecondary education leaders, lawmakers, businesses, and the K-12 education system are all working toward this ambitious educational attainment goal and programs like Tennessee Promise and Tennessee Reconnect are changing the landscape in terms of who attends postsecondary and which institutions they attend, the state must ensure that the system is aligned for success. The FOCUS Act will better align our postsecondary education system toward meeting the Drive to 55 by providing a sharpened focus on the governance of our community colleges and colleges of applied technology (TCATs), while granting our four-year state universities additional autonomy as we seek to empower each institution to be successful in this new environment. Currently, the Tennessee Board of Regents (TBR) oversees 46 institutions – six public four-year state universities, 13 community colleges and 27 TCATs. The University of Tennessee (UT) system oversees three public four-year universities as well as three institutes and a health science center. The Tennessee Higher Education Commission (THEC) is the coordinating body for the two governing entities. With 46 institutions, it is difficult for TBR to meet all the diverse challenges of the system. Community colleges arguably need greater focus at a system level in the Drive to 55 while TBR's four-year state universities could benefit from greater autonomy.

Key components of the Focus Act include a sharpened focus by TBR on the state's thirteen community colleges and 27 technical colleges. The creation of a transition task force consisting of higher education, business and community leaders from around the state that will serve as the administrative and advisory body throughout the transition. A business case was developed for more streamlined, operational and administrative efficacy for the community colleges (tn.gov).

Tennessee's Thirteen Community colleges

The Tennessee Board of Regents (TBR) system office is beginning to work towards a comprehensive plan to design a technical framework for the community college system. Through a combination of shared services, outsourcing, and centralization, the TBR can save an estimated \$2.8 million annually. The Huron Consulting Group was hired to analyze the data and provide a framework to easily understand the potential shared services for the community colleges. As a part of their final report, the Huron Group estimated that the centralization plan would cost an estimated \$28.7 million for upfront implementation. The Tennessee legislature approved the \$28.7 million needed to implement the centralization plan in the July 2016 budget.

What does shared services mean?

There are several elements included in the shared services, centralization, and outsourcing plan. The most important element includes the development of a single instance Enterprise Resource Planning system (ERP). Additional opportunities for shared services include the consolidation of human resources offices, admissions, campus bookstore contracts,

and business office operations. At the campus level, the most familiar ERP system is the Banner system. Currently, each campus has its own banner system and each campus has its own method of creating account codes and course numbering systems.

Several states across the nation have already engaged in system wide consolidation projects. These states include Georgia, New Hampshire, Colorado, Kentucky, Oklahoma, and Hawaii. Lessons learned from other states can inform the work that needs to be done in Tennessee.

Colorado is an excellent state for the purposes of comparison because they also have thirteen community colleges, but they have double the number of students enrolled in their community college system as compared to Tennessee. Each institution in the Colorado system is regionally accredited, but financially, they operate under one Tax ID. Their system is made up of seven institutions with an enrollment of approximately 26,000 students. The Colorado system office manages a consolidated instance of Banner. Their consolidation effort was focused on credit transfer across institutions

New Hampshire uses one Tax ID for the whole system and features a centralized financial aid module for the state

There are 29 institutions in the University of Georgia System. The Georgia consolidation effort features a shared Banner system for student records and PeopleSoft (Finance, HR, and Payroll). Georgia is using an eight-school pilot program for the consolidation effort.

Recommendations for Tennessee

Currently, TBR manages policies that govern the system but not the day-to-day work. The proposal from the Huron Group report requires TBR to rebrand itself and to consider what the system will look like in the future. TBR should hire a qualified project manager, outside of the current stakeholders, to ensure that all consultants are held accountable for the shared services centralization. Additionally, in the early stages of the centralization, a new chart of accounts needs to be developed for use across all thirteen community colleges. The chart of accounts should be at a bare minimum. Colorado stated that the process to standardize their chart of accounts took over one year. TBR will need to conduct an IT Risk Assessment and Policy Audit before attempting any centralization plans.

All states reviewed for this project reported significant problems with Banner implementation. In the case of Colorado, after five years they are still running into problems that could have been avoided by a proper IT assessment. Tennessee should initially pilot the centralization project with three or four institutions. Colorado and New Hampshire both stated regrets in not testing their centralization prior to roll out to the entire system. Georgia reports that they are having success with slowly adding schools to the centralized model. One school from West Tennessee, one school from East Tennessee, and two schools from middle Tennessee should be used as the pilot for the centralization within the first 18 months. This process would be repeated in year two, and then the remaining schools would be added in year three. The staggered implementation of 3-4 schools will allow for the system office to troubleshoot issues on a small scale.

Lastly, TBR should establish system level functional leaders. This list includes: an “Uber” registrar, Director of HR, Director of Financial Aid, Comptroller, and Purchasing Director. These staff members will work closely with the Vice Chancellor of Academic Affairs, Vice Chancellor of Student Affairs, and Vice Chancellor of Business Affairs to convene regular meetings of campus personnel to discuss policies and process related to centralization.