



# CRACKING THE CODE ON STEM

A People Strategy  
for Nevada's Economy

## Update State College Governance to Enable Enhanced Responsiveness to Local Labor Market Needs

### **Problem**

Nevada's public colleges are becoming even more important hubs of region-focused education and training. Nevada firms increasingly rely on these institutions to help them meet their workforce skills needs. Moreover, the state's STEM economy makes the colleges' contributions critical given that over half the state's STEM jobs require an associate degree or less. Given their geographical distribution, the colleges are uniquely well placed to deliver regionally tailored STEM offerings to workers and firms located in the state's increasingly differentiated local labor markets.

The trouble is that the increasing distinctiveness of the state's regional economies may not be optimally served by the state's longstanding centralized higher education system governance. Katz and Bradley (2013), for example, document the increasing importance of devolved "bottom-up" problem-solving as the specialization of regional economies increases. Similarly, scholars with the Lincy Foundation at UNLV argue that the state's centralized, undifferentiated management of its two-year and four-year institutions likely limits the colleges' responsiveness to local needs and should be changed. Recently the Nevada System of Higher Education (NSHE) has taken a number of steps to improve college governance, including the creation of a Nevada College Collaborative and the proposed creation of "locally empowered" advisory councils of key stakeholders. However, stronger and more structural governance changes may need to be considered.

### **Recommendation**

To allow for greater college alignment with local workforce development imperatives, the state should explore ways to update its state college governance model to make it more flexible and college-specific so as to promote greater college responsiveness to the needs of their surrounding regions. An interim committee of the legislature has already affirmed the

importance of greater college connection to the regions, prompting initial NSHE responses. Further study and inquiry should consider what additional steps are needed.

In any event, the state's governance structure should accommodate the varied ways that individual colleges need to interact with their particular regional economies. While a number of organizational models may prove appropriate, whatever institutional design the state adopts should place a much greater emphasis on advancing the state's STEM economy by facilitating engagement with local labor markets. In addition, the state should consider ways of bringing local resources into the colleges' funding in addition to general fund appropriations. Already the state is moving in a positive direction by allowing colleges to retain out-of-state tuition. Next it should consider additional steps to promote greater local-level funding of the colleges.

## Implementation Specifics

In exploring further governance updates Nevada can look to a number of state models as it moves to help its colleges become more responsive to regional economic dynamics. Some models suggest that the state should reorganize NSHE while others suggest the value of additional resources and attention to the specific needs of regions. Several options for reform based on structures employed in other states can be imagined (note: the examples provided after each option are of states that have similar, though not identical, governance structures to those suggested):

**Option 1. Adjust the current governance structure:** The option that would require the least institutional restructuring would be simply to provide differentiated and enhanced support for the colleges through NSHE. This increased focus might entail giving greater autonomy to the College Collaborative and the vice chancellor who leads it; establishing unique funding sources for colleges; and developing clear processes to encourage and accelerate college partnerships with local firms and industry clusters. While this approach is appealing because of its low administrative costs, a number of successful states have chosen to maintain multiple state boards of higher education in order to allow for a more narrow focus on community colleges (as is the case in Tennessee). Also, given that creating a separate office for colleges has been unsuccessful in the past in Nevada, such an office would need real authority to be effective.

*State examples: North Dakota and Vermont*

**Option 2. Govern through another statewide agency:** Several states have separate statewide bodies that govern four-year institutions and/or community and technical schools respectively. Along these lines Nevada could either designate an existing state agency, such as the Nevada Department of Education, to manage the colleges or create a new agency to manage them. This approach would likely strengthen the state's focus on the particular needs of Nevada's colleges, but without a local governance component, the colleges would still likely struggle to connect with their regional economies.

*State examples: New Hampshire and Kentucky*

**Option 3. Governance through local boards and a statewide coordinating organization:** A third option would be a blended model that institutes some local control of key regional training assets while maintaining the state’s ability to coordinate, fund, and promote best practices across all the state colleges. The governance of colleges would be at the individual college and region level, with the coordinating function operating either through NSHE or through the creation of a statewide coordinating organization. The latter approach was recently proposed by Martinez, Damore, and Lang of the Lincy Institute at UNLV. Local boards could be appointed by the governor or the legislature with stipulations that certain college officials (such as the president) would be members. The boards’ governance responsibilities could range from budgetary oversight for regionally relevant programs and curricula to complete governance with oversight and approval from the statewide coordinating organization.

*State examples: Kansas and Maryland*

**Option 4. Exclusive local governance without statewide coordination:** A more ambitious approach would be to transition control of each college to locally elected boards instead of statewide coordination. These boards would be responsible for the funding, governance, and oversight of each college in its jurisdiction. In states with similar models, funding frequently comes from a combination of state general funds, tuition, gifts, and local taxes, with each college retaining most of the tuition and fees it collects.

*State examples: Arizona and Michigan*

These are just a few examples of strategies that could be implemented to support and increase state colleges’ engagement with local labor markets. One could also envision a strategy that combines key elements from each of these four strategies. For example, local boards with some regional oversight could fit within the first option’s recommendation to reform the existing NSHE structure. Regardless of which option is chosen, the primary goal should be to strengthen the ties between the colleges and their regional economies and allow for flexible programming based on regional employer needs.

## Budget Implications

Depending on the scope and adopted approach, budgetary projections vary significantly. State planners should be aware of the operational costs of different types of reorganization, keeping in mind that institutional changes that address the underlying concerns while limiting unnecessary disruption are ideal.

## References

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## **For More Information**

Mark Muro

Washington Director

Brookings Mountain West

Senior Fellow and Policy Director

Brookings Metropolitan Policy Program

202.797.6315

[mmuro@brookings.edu](mailto:mmuro@brookings.edu)