DOCUMENT RESUME

ED 294 616 JC 880 220

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TITLE	Managing Contract Training Programs: Progress and Proposals. Institute for Studies in Higher Education Policy Paper No. 2.
INSTITUTION	Florida State Univ., Tallahassee. Inst. for Studies in Higher Education.
PUB DATE	Jan 88
NOTE	27p.
PUB TYPE	Reports - Descriptive (141)
EDRS PRICE	MF01/PC02 Plus Postage.
DESCRIPTORS	*Administrative Organization; Community Colleges; Economic Development; Educational Finance; *Job Training; Labor Education; *Performance Contracts; *Program Administration; *School Business Relationship; School Policy; State Programs; Two Year Colleges
IDENTIFIERS	*Contract Training

ABSTRACT

An overview is provided of community college involvement in providing job training for industry on a contract basis. Part 1 provides background on the changing role of community colleges and the introduction of contract training as a means of addressing the growing need of organizations to train and retrain staff. Part 2 offers a national perspective on the boom in training and development, indicating that only 57% of all employee training programs are provided in-house and listing the types of educational and non-school organizations offering the other 43% of employee training. This section also considers statewide efforts to address economic development needs. Part 3 presents a national profile of contract training in community colleges, using survey data to examine the organizational structures needed to deliver contract training, trends related to program sites and the college-credit status of courses, types of contract clients, problems, benefits, and perceptions of the future of contract training. Part 4 discusses issues in the management of contract training programs, including program organization, planning, finance, and evaluation. Finally, part 5 identifies policy issues related to the establishment of separate business institutes, the goals and limits of a center for contract training, separate advisory structures for representatives from business and the college, staffing needs, and financial policies. (EJV)

Managing Contract Training Programs:

Progress and Proposals

William L. Deegan

Acknowledgments

I would like to thank a number of people who contributed significantly to the completion of this report. Dr. Ronald Drisko of Essex Community College in Maryland and Dr. Ann Weeks of Dutchess Community College in New York conducted case studies and literature reviews, and Ms. Donna Santo of Borough of Manhattan Community College in New York contributed valuable resource materials on state planning for contract training. Finally, Mr. John Opper and Mr. Mark Pritchett of the Institute for Studies in Higher Education provided critical reviews which helped enormously in the production of the final manuscript. Portions of the national survey data were published by the Community and Junior College Journal (March, 1985) and are reproduced with permission.

About the Author

William L. Deegan received his baccalaureate degree in business administration from the University of Buffalo, his masters degree in educational psychology from Ohio State University, and his doctorate in higher education from the University of California, Berkeley. He is the author of a number of journal articles and monographs dealing with management issues in higher education and he has been a guest lecturer and consultant at colleges and universities in the United States and England.

Dr. Deegan's recent publications include "Renewing the American Community College: Priorities and Strategies for Effective Leadership," and "Ensuring Effective Governance," both published by Jossey-Bass, and "Translating Theory into Practice: Implications of Japanese Management Theory for Student Personnel Administration," published by the National Association of Student Personnel Administrators.

Deegan has served on the research staff of the Center for the Study of Higher Education at the University of California, Berkeley, and as a faculty member at Teachers College, Columbia University. He is currently Director of the Institute for Studies in Higher Education at Florida State University.

Preface

We are pleased to present the second in our series of policy papers published by the Institute for Studies in Higher Education.

Papers in the series include:

No. 1. - Emerging Land Use Practices in Two Year Colleges
Louis W. Bender, January, 1987.

No. 2. - Managing Contract Training Programs: Prospects and Proposals
William L. Deegan, January, 1988.

No. 3. - Student Consumer Issues in Higher Education: Legal Aspects of the Contract To Educate.
Joseph Beckham and Jon Rogers (In Progress) July, 1988.

The mission of The Florida State University Institute for Studies in Higher Education is consistent with the mission of the University in providing quality research and service at the institution/organization, state, regional, and national levels. To pursue its mission, the Institute has identified four basic purposes:

1. To focus upon institutional, organizational, state, regional, and national issues of management, governance, finance, educational services, and educational outcome through analytic and evaluative studies or through action research synthesizing and describing professional practice within postsecondary education.

2. To serve The Florida State University as well as the State of Florida as a resource for policy analysis and for research on issues of postsecondary and lifelong education.

3. To complement the scholarly activities in higher and professional education leadership which have marked the graduate programs within the Department of Educational Leadership.

4. To serve as an initiator of activities and services intended to provide insight and to assist practitioners to deal with the immediate or future problems and issues confronting institutions or organizations of postsecondary education.

We welcome inquiries or proposals relevant to the mission and purposes of the Institute.

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American Community Colleges have been described as having evolved in four generations:

1900 - 1930 – Extension of High School
1930 - 1950 – Junior College
1950 - 1970 – Community College
1970 - Mid-1980's –Comprehensive Community College
(Deegan & Tillery, 1985)

The fifth generation of the community college is not yet named, but it may emerge as the generation of linkages between colleges and corporations. American businesses, which dominated world markets since the end of the Second World War, are now faced with a new level of international competition which threatens American leadership in the world economy, and American workers' jobs and standards of living.

The impact of the new international competition has already been significant in many industries in America. To give some perspective of the impact: in 1960, the United States had about 25 percent of the world market share in manufacturing. In the important U.S. market, American companies produced 95 percent of consumer electronics sold in 1960. In 1980, the U.S. share of world manufacturing slipped to just over 17 percent, and American companies' share of the domestic market dropped to less than 50 percent of the consumer electronics sold in the United States (Naisbitt, 1982). As a result of this new competition, eleven and one-half million American workers lost their jobs between 1979 and 1984, and an estimated twenty percent of them need to improve their basic skills if they are to find new jobs (Chronicle of Higher Education, September 17, 1986, p.1).

One of the key factors identified by many analysts as a necessity to help prevent further erosion of American economic leadership is an increase in the quantity and quality of training and development programs for American workers at all organizational levels. American educators in general, and community college educators in particular, have responded to the calls for more cooperative efforts between colleges and corporations with a host of new initiatives.

One of the most significant developments in higher education over the past decade has been the increased linkages between colleges and other organizations, especially corporations. Both academia and industry have had to recognize an interdependence that is increasing. Educational institutions, beset by declining enrollments, financial pressures, faculty shortages in critical disciplines, and inadequate facilities are eager to find new roles and sources of income. Industry, facing declining productivity, lagging innovation and the competition of foreign countries, is increasingly looking to higher education as a resource for research, training and innovation. The resulting symbiosis is often complicated.

A principal form of linkage, and one that seems to hold enormous potential as a future force in higher education, is contract training. This development has been driven by the recognition that more effective attention to human resource development is an imperative if organizations are to remain competitive. The rapidly changing nature of the American economy has also contributed to the contract training concept as educational and economic concerns have often merged. The growing need of organizations to train and retain staff has combined with an increased recognition that colleges, and especially community colleges, may be able to provide effective training at a far lower cost. Small and even medium sized business firms may have great difficulty in funding a training department, and as Jackman and Mahoney 1982, (pp. 8-9) report: "even wealthy firms are suggesting that they do not want to, nor can they afford to increase their training programs." This situation is even more pronounced in non-profit organizations which have similar needs for training, but which often have little *in-house* provision for staff development.

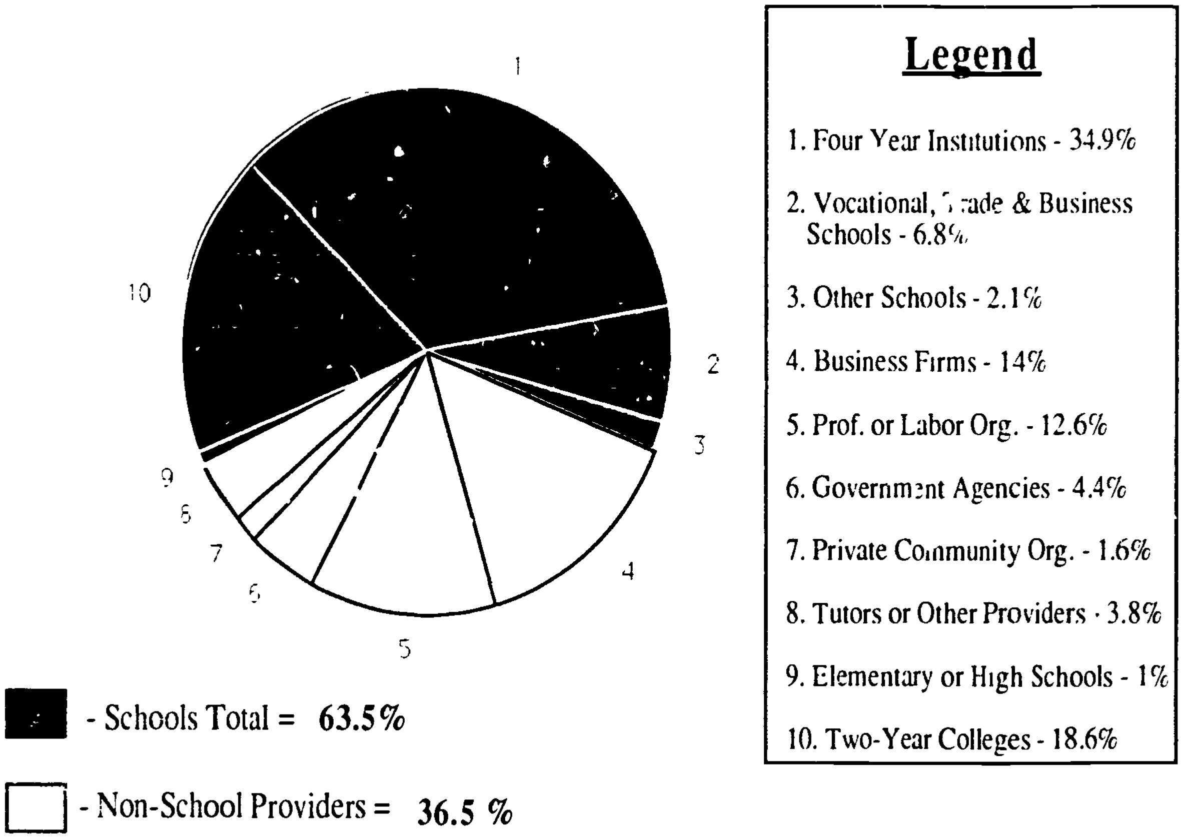
The Boom in Training and Development – A National Perspective

The increased awareness of the importance of training and development is not only an American concern, it has become a world-wide phenomena. A report from the Wingspread Conference (1980) detailed the growing emphasis on training programs in Germany, France and Great Britain.

The German, French and British systems depend upon different parts of the economy for training and education. In Germany and France, much is done through the private sector, with a strong reliance on technical colleges and government training centers. In West Germany and Great Britain these programs were developed in a cooperative effort by industry, education and government.

American business and education leaders are also actively working to develop a range of new cooperative efforts. While exact data are difficult to obtain, a study by Carnavale and Goldstein (1983) reported that about 43 percent of all employee training programs are given by *outside* institutions and about 57 percent of the programs are provided *in-house*. **Figure I** shows the distributions of outside training programs by providers.

FIGURE I
Distribution of Outside Training by Providers



Source:
<u>Employee Training: Its Changing Role and an Analysis of New Data</u>
Anthony P. Carnavale and Harold Goldstein (1983)

Four-year colleges and universities gave 35 percent of all the courses. Two-year colleges and technical institutes gave about 19 percent. The principal non-school providers are business firms and professional and labor organizations which provided 14 percent and 13 percent of the courses, respectively. Most of the business firms providing training to the employees of other firms or organizations are firms specializing in the training function.

State Programs

Many states, faced with economic development needs and the loss of industry and jobs to international competition or other geographic areas within America, are developing and funding training programs in cooperation with colleges and universities. Community colleges have been key participants in many of these state programs. The North Carolina Legislature appropriates funds to the State Board of Community Colleges for a variety of contract programs (Kopecke and Clarke, 1985). In New York, more than 450 companies were served by 345 contract courses in the first two years of a new contract training program established in 1981. A 1983 law in Iowa offers incentives to businesses that use community colleges to train employees for new jobs. Iowa officials hope to attract 4,000 new jobs to that state in 1985 (Chronicle of Higher Education, January 30, 1985, p. 3).

In 1985, the Florida Legislature passed a law entitled, "The Sunshine State Skills Act," which was designed to bring community colleges together with employers who have specific training needs for employees in new, expanding or diversifying businesses in Florida. The legislature provided $750,000 for this program with the requirement that $700, 000 be utilized for grants and $50,000 be set aside for administering the program.

Although state needs vary, **Table 1** illustrates types of contract courses in a leading state.

TABLE I
The Ten Most Popular Contract Courses Offered by New York State Community Colleges in 1982-1983

Course Title	
1. Statistical Process Control	6. Time Management
2. Cardiopulmonary Resuscitation (CPR)	7. Professional Skills Development
3. Financial Planning	8. Principles of Supervision
4. Electrical Safety	9. Stress Management
5. Industrial Safety	10. Word Processing

A National Profile of Contract Training in Community Colleges

Community Colleges have been at the forefront in providing contract training pro- -ms, and four-year institutions are showing ar increasing level of interest and -vity in contractual arrangements. Given the rapid development of contract training and the potential of it to influence policies and programs in community colleges in the future, the objectives of this monograph are to provide a national profile of community college involvements in contract training programs, to present an analysis of issues involved in the management of contract training programs, and to suggest some major policy questions that college staffs should consider as they think about developing or expanding contract training efforts. The monograph is based on a national survey of community colleges, in-depth case studies, and policy analysis of the results of the studies.

To obtain a national profile of community college involvement in contract training efforts, a survey questionnaire was sent to community colleges and two-year technical institutes throughout the United States. Of the 1258 survey forms mailed, 402 were returned (32% response). Two hundred seventy-seven (69%) of the responding institutions had established a contract training program as of Spring, 1983. Respondents were generally representative of the distribution of community colleges across the country.

Organizing for the Delivery of Contract Training. Data pertaining to organizing for the delivery of contract training programs are presented in **Table 2.** The data show that a large majority (73.7%) of the respondents who participate in contract training have some form of centralized organizational structure for the contract training program. Respondents were not asked where the centralized organizational structure was located, but information was provided by 82 respondents. The data provided (Table 2) indicate that contract training programs are most commonly managed within the continuing education/community services units of these institutions.

For those respondents indicating some form of decentralized organization, the individuals most frequently identified as having primary responsibility for program management were the academic deans (32%), followed closely by the division directors (31%). A significant number of respondents (26%) reported that responsibility for management is shared – prevalent in such cases were situations in which credit programming is managed in one area and noncredit programming in another.

Table 2.
Centralization/Decentralization of Contract Training Efforts

A. Management of Centralized Organizations (73.7% of Respondents)

Managed by:	%
Continuing Education/Community Services	50.2
Office of Academic Dean	19.5
Occupational/Vocational Education	14.6
Regional/System Office	9.6
Special Coordinator	6.1

B. Management of Decentralized Organizations (26.3% of Respondents)

Managed by:	%
Academic Dean (coordinator)	32.3
Division Directors	30.9
Department Chairpersons	7.4
Shared Responsibility	26.5

Extent of Involvement in Contract Training Activities. Data reflecting the extent of community college involvements in contract training are presented in **Table 3.**

Table 3:
Extent of Involvement, Program Site, and Credit Status of Contracts

	1980-81,% N-203	1981-82,% N-231
A. Annual Number of Contracts		
1-5	47.3	37.7
6-10	18.2	20.3
11-20	17.2	14.3
21-30	4.9	11 7
31-40	3.0	3.5
41-50	3.9	2.2
over 50	5.4	10.4
B. Courses Offered at Job Site (Average%)	61.4	64.7
C. Noncredit Contractual Programming (Average%)	59.1	60.1

The data indicate that many colleges (47.3% in 1980-81, 37.7% in 1981-82) have only very small programs (1 to 5 contracts annually). However, many respondents indicated that their programs were new. A significant number of the 28 additional respondents (81-82 vs. 80-81) had no programs in 1980-81. For those with medium to large programs, the data show considerable quantitative growth. The number of respondents reporting more than 20 annual contracts rose from 17.2% in 1980-81 to 27.8% in 1981-82. Although not shown, even more spectacular growth was observed from some institutions which supplied data for 1982-83.

Program Site and Credit Status. **Table 3** also provides data pertaining to the types of programming provided. The data show that in both 1980-81 and 1981-82 the average percentage of contracts delivered **at job sites** was greater than 60. Seventy-two of the respondents indicated that all contracts were delivered at job sites; only 31 respondents in 80-81 and 29 in 81-82 provided no programming at client facilities.

Data pertaining to credit vs. noncredit contractual programming indicate **noncredit** programming to be predominant with average percentages of about 60 for both years. In 1981-82, 73 institutions provided programming which was entirely noncredit; 46 institutions provided only credit programming. The remainder of the 231 respondents provided some mixture of credit and noncredit courses.

Types of Contract Clients. The data presented in **Table 4** show the types of clients served by contracts. Business and industry represent the most common clients (69%) followed by health care (13.7%) and government (13.2%). Included in the "Other" category (4.2%) were labor unions, service agencies, and CETA Private Industry Councils.

Table 4:
Types of Contract Clients

	Average Percent
Business/Industry	69.0
Health Care	13.7
Government	13.2
Other	4.2

Problems with Contract Training Programs. Six topics were cited most frequently by respondents as major sources of problems in providing contract training programs. The problems were:

1) Lack of qualified instructors (98 institutions). This was by far the most significant problem reported. Respondents cited both the difficulties of locating qualified instructors and of maintaining an on-going relationship over time.

2) Inadequate facilities for training (42 institutions). Many institutions responded that campus facilities were inadequate for providing the types of training needed, especially in *hightech* areas. Client plant facilities, although superior in many cases, may not be available for the periods of time necessary to provide training.

3) Difficulties in scheduling contract courses around employee shifts (35 institutions). Often there was a need for training, but the rotation of staff in shifts led to insurmountable obstacles.

4) Low internal support for the institution's contract training effort (35 institutions). Many faculty are either reluctant to participate or have a consulting business of their own.

5) The time required to develop a contract training course (35 institutions). Many respondents expressed frustration with clients' *need to have it tomorrow* vis-a-vis the time required for faculty to agree upon an appropriate program.

6) The lack of development of suitable strategies for marketing a contract training program (29 institutions). Many respondents complained about the reactive and crisis-oriented approach to marketing.

Institutional benefits arising from contract training programs. The six most frequently cited benefits arising from a community college's participation in contract training with business and industry were:

1) Improved relationships – community college participation with business and industry provides benefits which transcend an individual contract. Frequently mentioned were increased opportunities for curriculum development and job placement, identification of potential part-time faculty, and the donation of equipment to the college.(N-91)

2) Increased revenue to the college in times of enrollment stabilization and decreased public funding. (N-88)

3) The opportunity to fulfill the community college mission by meeting the training needs of the business community. (N-71)

4) Increased visibility resulting in greater community support and increased enrollments. (N-56)

5) The opportunity to provide *real-world contact* for community college faculty involved in preparing students for careers in business and industry. (n-49)

6) Beneficial public relations through newspaper articles, media features, and increased political support. (N-43)

Typical comments about benefits included:

> "Student placement will be enhanced because of working partnerships; the private sector will look more favorably at the institution, both by encouraging employees to take courses on their own and by donations of money and equipment; the private sector contracting helps keep instructors and curricula timely."

> "The program is an excellent source for new, highly-skilled trainers/ instructors for other courses and training programs. We are building a good human resource base."

> "The program is resulting in increased support to the college, both human resources and financial, and increased enrollments in non-contractual courses now that they know what we can do. It has also broadened awareness on the part of faculty and staff."

Trends and the Future. A final part of the survey asked respondents about their perceptions of major trends in contract training and their views about the future. The most significant trend (93 institutions) was the trend toward training which is specially tailored to meet the needs of the specific client. The training was commonly described as rather narrowly focused, intensive, and of short duration. The other major trends include: a marked increase in the number of community college and business/industry interactions (74 institutions), an increase in training in new technological areas (47 institutions), a growing realization of the need for employee retaining by employers (29 institutions), and an increase in training provided at client job sites (22 institutions).

Respondents also viewed the future with some optimism. A large majority of respondents expressed the opinion that contract training will be of increasing importance in the future of community colleges. Only seven respondents felt that the importance of contract training will decrease and an equal number foresaw little change. The few institutions expecting future decreases blamed poor economic conditions in which clients might be more likely to reduce training efforts. Most of those foreseeing little change perceived few additional opportunities for contracts due to the limited number of businesses/industries in their service areas.

The major reasons respondents predicted an increase in the importance of contract training programs were:

1) The belief that increased efforts are resulting in increased contracts (87 institutions).

2) The realization by many organizations of the need for training and the *cost effectiveness* of community college programs (68 institutions).

3) Changing economic conditions. Interestingly, respondents were divided in their opinions as to the effect of the economy. Some felt that poor economic conditions could return and could lead more companies to reduce their in-house training programs and turn more extensively to community colleges; others foresaw a continuation of the recent economic improvements and a consequent increase in training to increase productivity (32 institutions).

Issues in the Management of Contract Training Programs

In addition to the national survey, a second part of the study involved an in-depth examination of the two major emerging models for managing contact training. The models selected for study were located in *pacesetter* institutions which have achieved significant recognition for their contract training programs. A **Framework for Management Analysis** (Deegan, 1982) was used to examine the management functions of organization, planning, finance, and evaluation.

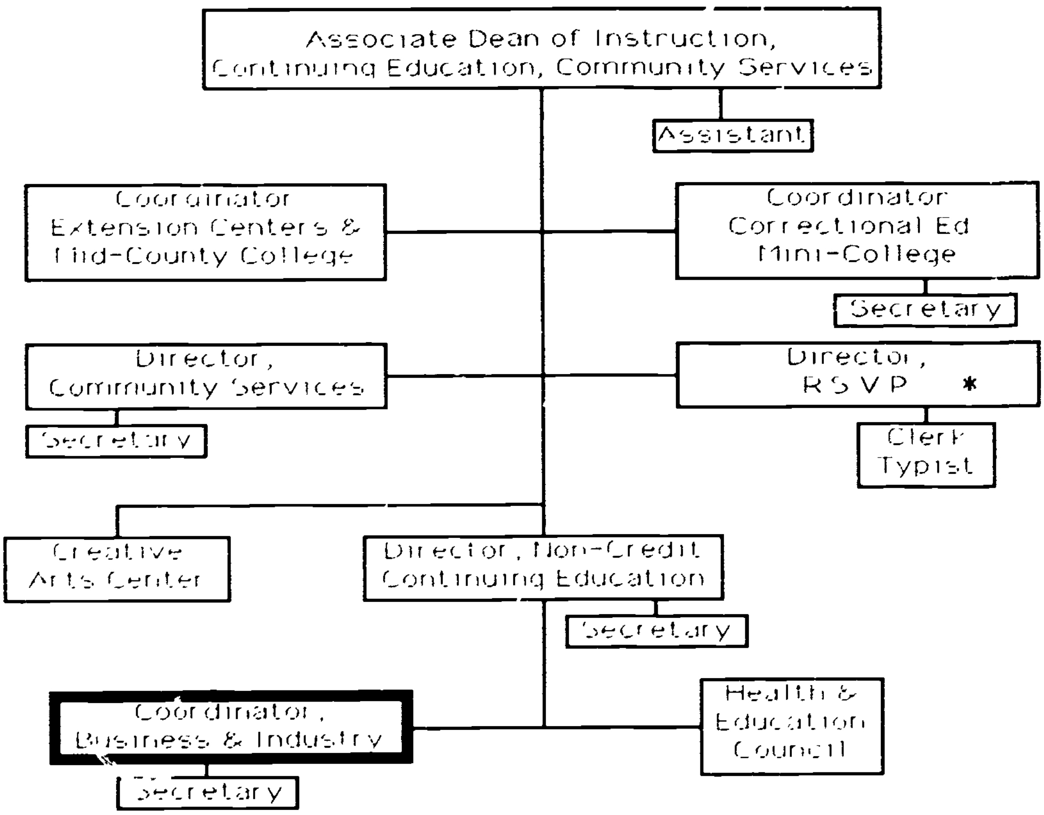
Organization. While the survey uncovered a number of alternative approaches to organizing for contract training, two predominant models are emerging--the "Community Services Integrated" model and the "Business or Management Institute" model. **Figure II** shows the general organizational pattern and position of the contract training program in the Community

Services Integrated model.

As **Figure II** shows, responsibility for the management of non-credit programs and all programs for business and industry, whether offered on or off campus, is assigned to an Associate Dean of Instruction, Continuing Education and Community Services. Specific responsibility for handling programs for business and industry is assigned to the Coordinator of Programs for Business and Industry, who is supervised by the Director of Non-Credit Continuing Education. Contract training programs represent only one portion of the Coordinator's responsibilities, as his duties also include coordinating the college's Center for Small Business and a large apprenticeship program in carpentry.

While strengths of this integrated approach to contract training include effective communications and coordination with other community services efforts and flexibility in responding to a variety of client needs, the model presents some particular problems. Perhaps the most significant problem is the lack of a strong, visible image and the absence of significant staff or resources

Figure II
The Community Services Integrated Model



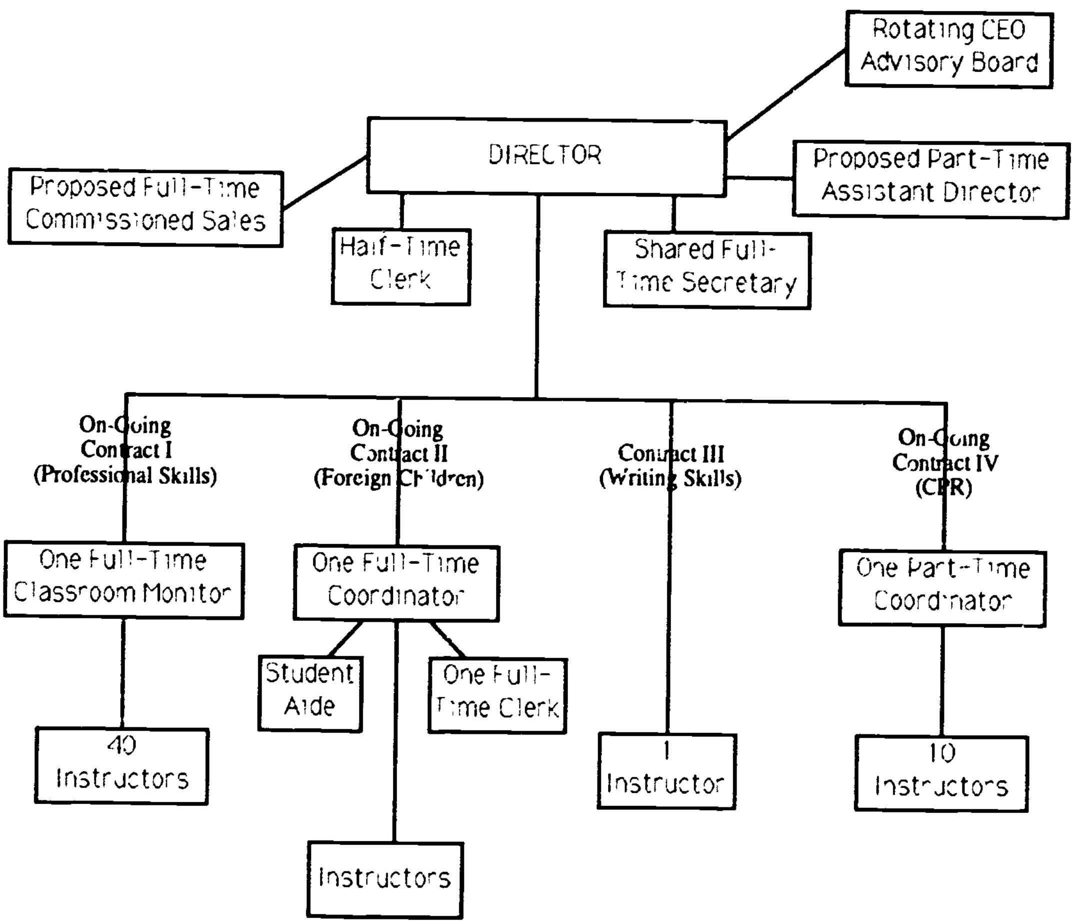
* Operating under a Federal Grant

to build the contract training effort. Interviews with the program coordinator also revealed concern about the uncertain priorities of his position. Thus, while the college wants to establish itself in the contract training field, it has so far been unwilling to commit the necessary "risk capital" or to clarify the coordinator's job responsibilities so he does not have to shift among part-time efforts in his several areas of responsibility.

A second major model for organizing contract training programs, perhaps more responsive to the *image* needs expressed by many survey respondents, is the Business or Management Institute model. **Figure III** shows the general organization of this approach to contract training.

A Business Institute may be a separate organizational unit or it may be housed within the Community Services division. In the model studied, all credit-free courses are administered by the Business Institute, which is housed within the Community Services division. A particular advantage of this model is the enhanced image and identity of a unit which can be promoted as a special approach to contract training. As **Figure III** shows, the Business Institute has a director, an advisory board made up of eight chief executive officers of

Figure III
Organization Chart For A Business Institute



corporations, and some clerical staff. Program coordinators and instructors are assigned as contracts develop (Weeks, 1985). While the image and identity of the contract training program is significantly enhanced by this organizational approach, the director also has other duties at the college. As in the first model, this splitting of duties tends to limit new initiatives and comprehensive program efforts.

Despite these drawbacks, the contract training program has grown 75% in the past four years and exceeded one million dollars in income in 1985-86.

Planning. The status of planning for contract training programs was perhaps best summed up by one interviewee, who put it:

> In order to be effective, I should have the time to plan where we're going long-range, say five years, and short-range, one to two years. The planning would include courses and types of programs, and an analysis of funding and expenditures. I would like to have statistics in hand on where we have been in the past three to five years--not just FTE, but what kinds of programs and people. This would allow us to project needs for the next three to five years. The frustrating part is that it doesn't happen. Planning gets pushed into the background because of the pressures of crisis situations.

The planning that does occur tends to center around annual budget requests and general goals. Directors of contract training in both case studies and many survey respondents characterized most planning as crisis-oriented and reactive--often in response to proposals that come from clients. Needs assessments tend to be informal and based on contacts and the development of networks rather than on survey or more traditional needs assessment techniques. One director expressed some skepticism about traditional needs assessments and felt the development of a "portfolio" of programs coupled with "networking" would be more effective in developing programs. As with organization, both of the directors interviewed, and many survey respondents, cited the potential to enhance quality and program growth through more comprehensive and effective planning. Whether college administrators will permit the commitment of the resources necessary for that effort is a significant policy issue.

Finance. The finance of contract training programs will vary depending on particular finance formulas and the presence or absence of state funding for contract training courses. Finance issues in the cases examined appear to be generally representative of issues at colleges across the country as uncovered in survey comments and reactions to presentations. In the Community Services Integrated model, the price of a specified contract training course depends upon whether the course is credit or non-credit, the number of extra services desired (e.g., supplying of text books, meals, etc.), and the actual number of students enrolled. For new courses, a developmental fee may also be charged.

In pricing a *credit* contract, the college calculates the cost which would be involved in offering the course on a "normal" basis (e.g., tuition, book costs, miscellaneous fees, etc.), for a class of 20. This constitutes the basic contract price. However, since this price assumes additional income to the college from state funding for the FTE generated by these 20 students, an employer wishing to contract for a class of only 12 students must make up the loss of income from the state, which is added to the basic contract price.

In pricing a *non-credit* contract, the college calculates the costs including non-credit tuition ($2 per student per hour of class time), book costs, miscellaneous fees, meal costs, and developmental fees, as appropriate, for a class of 15 students. In this case state funding is not a factor in determining the contract price.

Cash payments of contract fees are placed in a special holding account until near the end of the fiscal year, when these proceeds are funneled into the college's operating budget as miscellaneous income. All unspent budget funds are combined within categories (e.g., instruction, student personnel) and made available as end-of-year funds. These monies are used to meet various expenses or to fund projects which may or may not involve Continuing Education and Community Services. The Associate Dean considers this practice to be beneficial to the college because "money is distributed according to College needs . . . the priorities of the institution are determined and satisfied. You don't have someone buying something which is unneeded but 'nice to have' while someone else is doing without something essential." However, he also stated, "if people who generate money never get to see *any*, the incentive to generate it is lost." He suggests that a better way might be to realize that all areas of the college have some need and to channel a *percentage* of the proceeds backs into the originating area where it could be used for development.

In the Business Institute model all courses are non-credit. Until 1981, direct contracts between community colleges and business or industry-specific training had been declared ineligible for state support. The state legislature and governor then recognized the need and potential benefit of such contract courses and in 1981 approved new legislation for occupational training or assistance to business for the creation, improvement, and retention of job opportunitie through contracts or arrangements between a community college and a business, labor organization, or not-for-profit corporation or organization. The purpose of the law was to promote labor-management relations, productivity, the quality of working life, industrial development, and retention of business in the community.

It was this law that provided a major impetus for the Business Institute and other community colleges in the state to solicit new programs. Prior to enactment of the law, industry-specific contract course activity was very limited, or nonexistent, at many campuses. After the law took effect, the State University actively encouraged community colleges to acquire industry-specific contract courses and to submit requests for their funding.

Each contract is a separate budget based on institutional costs, support costs, and reasonable profit margins. When individual contracts are drawn up, they include developmental fees based on specified rates for the Director's time. These fees are usually included in succeeding contracts, even though the development may have been a one-time necessity. The rationale used by the Institute is that much time is spent developing other programs that never reach fruition.

Overhead, which does not include clerical and developmental costs, is routinely included in contracts at ten percent. However, when clerical and developmental charges are included, total overhead fees charged by the Business Institute are closer to fifty percent.

Courses offered through the Business Institute have grown significantly because of the new state aid. A danger of the current financial system is that state aid may cease in two ways: 1) A cap may be put on the number of contract FTE's colleges are allowed and the college will exceed this limit, or 2) the legislation giving financial support to contract training may be renewed strictly within the spirit of the law which intended support only for those businesses needing help to stay solvent, or in the state, thus eliminating support the Business Institute is now receiving for contracts with some corporations. Major policy questions will be addressed in the final section of this monograph, but clearly the issues of profit margins, policy on distribution of profits, and the danger of sudden shifts in state funding formulas are issues which must be considered in planning and financing contract training programs in the future.

Evaluation. As with the planning function, contract training managers would like to see much greater attention paid to both staff and program evaluation. Current practices in staff evaluation tend to center around evaluation forms and are largely "quantitative," that is, they use rating scales. Use of essay or comment types of evaluation forms and classroom observations is much less in evidence, although the director of the Business Institute had made significant efforts with these evaluation techniques.

Program evaluation has been hindered (like planning) by a lack of resources, time, and staff. Directors do provide data and annual reports, but they tend to be summative rather than evaluative. Both directors cited positive reactions where evaluations are shared with contracting organizations, and in some cases contracting organizations conduct their own evaluations of courses. Considering the potential for either excellent public relations and community service or for poor relations and problems that contract courses can have, policies and procedures to ensure effective staff selection and evaluation, and periodic comprehensive program evaluation, seem imperatives for contract training programs in the future.

Policy Issues and the Future

Contract training programs appear to be emerging as a major force and influence at a large number of community colleges across the country. The concept is full of both great potentials and problems. As many American corporations found in the 1970's, growth into new functions is not always a good thing. While there is no guaranteed model of success, community college staffs considering expanding or implementing a contract training program or unit might consider the following policy questions and issues as a focus for analysis in order to place this sometimes controversial concept in a broader institutional context:

I. General Issues

1) What will be the place and priority of contract training programs in the mission of the college?

2) What impact will the programs have on institutional values? On reward systems?

3) Should contract programs be organized as a separate unit or integrated within an existing unit? If organized as a separate unit, how can program quality and integrity be monitored?

4) What will be the relationship of contract efforts to the rest of the college? What role will full-time faculty play in guiding or participating in these efforts?

5) Will the college provide sufficient "risk capital" to allow staff to do the kinds of needs assessments, planning, and marketing to fully implement a contract program?

6) What will be the college policies on profit? Should the college set a uniform target profit margin or react to what the market will bear?

7) What will be the college policy on distribution of profits?

8) How will staff and program evaluation be conducted? What role will contracting agencies play in these evaluations?

9) How can the college ensure that staff hired as contract instructors will be effective representatives of the college?

II. Issues for Consideration in Establishing Separate Business Institutes

The general issues suggested for review in establishing or expanding a contract training program should provide a good basis for developing a policy framework for contract training programs. In addition, there are several specific issues which should be reviewed as colleges considering the prospect of establishing a separate "Business Institute" to market and deliver contract training programs. These include:

1) **College Staff Must Carefully Analyze the Goals and Limits of a Center for Contract Training**

Unfortunately, many colleges embark on contract training programs without effectively reviewing the potential impact of these programs on institutional mission, values or reward systems. Many programs grow in an ad hoc or piecemeal fashion that can lead to the same kinds of problems that some corporations experience when they expand too quickly. College personnel need to ask the classic question "what business are we really in?" They need to consider the place and priority of contract training programs within the total college plan as well as the kinds of "risk capital" that the college is willing to allocate to support contract training programs and centers during the early stages when costs exceed income. Agreement on target results expected after one, three and five years (and provision of adequate resources to meet those targets) will help in the development and management of an effective contract training center; it will also foster a critical analysis of the role the center will play in the future of the college.

2) **There is a Need to Develop Separate Advisory Structures for Representatives from Business and the College**

Many management centers have advisory boards representing local businesses. A necessary complement to these advisory boards is the creation of a separate board consisting of faculty and administrators from the college. Many centers do not have these kinds of boards, yet they can be especially helpful in clarifying roles and opportunities for the college, in conducting evaluation programs, in heading off problems, and in winning support and involvement from full-time staff who may become involved in center activities. It is not likely that representatives from business will want to spend a great deal of time on internal college concerns. Their contributions will be most helpful in developing and marketing programs. The creation of two advisory boards may be initially time consuming, but it may pay rich dividends once policy and program structures are in place.

3) **Center Staff Should Have a Strong Business Background**

Business executives often have stereotyped impressions of the academic world, impressions that are not always favorable to potential contract training providers. An ideal executive director of a center for contract training should have experience in both business and education. Center directors need to be especially skilled in understanding the needs of business, in negotiating contracts, and in being a good manager and public relations person. While any personnel decision is an individual one, strong consideration should be given to recruiting someone who can most effectively relate to the business world. That may require some extra investment in salary, but it is an investment that should be made.

4) **College Staff Need to Develop Policies on Center Profits**

Colleges starting contract training centers should establish policies regarding profits and retained earnings. Staff need to decide whether to pursue a uniform profit margin or to charge what the market will bear for contracts. They also need to consider what to do with profits--return them to the central budget, retain them in the contract training center, or devise some sharing arrangement. The sharing of the profits may be the most attractive concept because it provides an incentive for staff to generate business and share in the rewards of successful contracts. Shared profits could also be shared with staff in a bonus or merit pay system, but while this might provide a strong incentive for center staff, it might create problems with other units of the college. Issues related to profit margins and the distribution of profits are explosive ones that should be the subject of careful policy analysis before centers are started. Otherwise, administrators may create dissatisfaction within their own staffs as well as among their clients.

In Conclusion

As stated at the beginning of this monograph, contract training relationships between colleges and other organizations are emerging as one of the significant developments in higher education. Along with new opportunities, these relationships may raise some serious policy issues. Hopefully, the perspective on the current status of these relationships and the policy questions proposed will provide a useful focus for analysis as community college leaders consider future directions in contract training efforts.

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