COMMUNITY COLLEGE TIMES

Business plan offers guidance in tough economic times

By KEITH HOUCK AND JOYCE ROMANO, Published November 11, 2008

A faltering economy and state funding falling behind enrollment growth is forcing community colleges to be even more creative and efficient.

In Florida, funding per student (full-time equivalent, or FTE) has been declining. It has dropped from $5,521 in 2006-07 to $5,117 in 2008-09. At Valencia Community College (VCC) in Florida, a business blueprint developed by a senior leadership team four years ago has helped the college focus its attention on key business processes, which could potentially generate additional resources and enhance how students experience the college.

As a result of its efforts, the college improved student services and yielded about $3 million in annual savings. Since some of these initiatives are not yet complete, the college expects to generate additional savings and revenue streams.

Below is VCC's Ten Business Imperatives with a summary of what the college has accomplished in the last four years. It can serve as a guide for other community colleges for developing business or operational imperatives to best meet their needs.

1. **Grow FTE by 4 percent to 6 percent annually for the next three years.** VCC developed an enrollment planning system that has greatly assisted the college in predicting and meeting student demand. The system includes every area of the college in determining need, capacity and program content.

2. **Improve service and responsiveness at the front door in areas such as admissions, transcript evaluation, financial aid and the business office**. VCC has enhanced communication with potential students, including e-mail messages being sent at every step of the process. The college is also implementing document imaging to improve processing transcripts and other admissions documents.

3. **Reduce deletions for nonpayment dramatically at the beginning of each semester.** VCC stopped providing short-term loans and contracted with an outside provider. The company now provides short-term loans for tuition, fees and books for 15 percent of VCC students.

4. **Control costs, especially in part-time personnel.** While VCC needed to expand part-time dollars to meet increasing enrollment, the college was able to curb other part-time personnel costs and reduce over-time costs. It has instituted a purchasing card system, which has not only streamlined operations but is also generating about $100,000 per year. In a more dramatic step, VCC stopped delivering course content via television, resulting in a savings of $625,000 annually. The course content is now delivered online.

5. **Collect all revenue due to the college while reducing bad debt**. VCC took a comprehensive review of its processes and computer systems to ensure that it was properly accounting for and collecting all fees. The college also decided to charge the full cost of lab fees rather than subsidize some lab experiences. As a result, VCC has reduced bad debt from $1.16 million in 2004-05 to $366,081 in 2007-08—a savings of nearly $800,000

annually. The college also leased 80 percent of its ITFS capacity (TV frequency), which will generate between $10 million and $12 million over the next 30 years.

6. **Meet or exceed goals in Valencia Enterprises**. Valencia Enterprises is VCC's corporate training division. It has been able to improve its performance, thereby reducing the level of college operating dollars to support. This has freed up $800,000 from 2006-07 to FY 07-08.

7. **Clear up all remaining grants management issues and any other audit concerns**. In addition to adding a grant compliance officer, the college decided to be more selective in the types of grants it pursues.

8. **Expand grants from non-government sources and collect indirect costs realistically.** Since grants from public sources carry an increasingly heavy management burden, VCC has focused more on non-government grants.

9. **Look for cost savings in staff and operations, outsourcing opportunities and adjustments from operating to capital expenditures.** Using a demonstration model at the district office, VCC has outsourced custodial services at small or remote locations with an annual savings of $121,000 per year. The college has also begun using capital expenditures to generate long-term operating revenue. It is doing this in two areas: capital investments for energy management improvement programs and purchases of land and/or buildings, where VCC is currently making lease payments. The college will save $900,000 annually as a result of energy improvements on two campuses. It is trying to obtain funding for two buildings and one land lease, which will generate at least $1.2 million annually.

10. **Employ much better systems of financial controls so trends are spotted early and addressed in both revenue and expenditures.** VCC has developed a multi-year financial planning process to help it in determining both long-term needs and reduce "stranded" funds. Since state funding was cut twice last year during the budget year—and is expected to be cut mid-year again—the college is now monitoring state revenue collections to see how it might be impacted later on.

VCC administrators continue to maintain a dialogue with college departments to assure that they not only meet basic needs but make funds available for unexpected situations.

By staying focused on these 10 business imperatives, the college has positioned itself to weather the recent state funding cut backs while experiencing a 12 percent growth in enrollment during the 2007-08 year. Through these and other examples of good stewardship at all levels of the organization, the college has met these challenges without negatively impacting student learning and the student experience at VCC. With projected double-digit growth in enrollment this year and reduced state funding, continued diligence relating to these and other good business practices will be critical.

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