



7 Ways to Weather a Storm

With reduced public funding likely to become ‘the new normal,’ community colleges across the country are finding ways to evolve. Here are seven strategies that can help.

BY MARK TONER

WHILE COMMUNITY COLLEGE LEADERS WOULD BE WELL within their rights to compare the ongoing reductions in public funding to a “perfect storm,” Dr. Lawrence A. Nespoli prefers to liken them to climate change.

When ominous clouds gather, “you see the storm coming — you hunker down, you put up the plywood, and then it passes through, the sun comes out, and you go back to what you were doing,” says Nespoli, president of the New Jersey Council of Community Colleges. Conversely, “climate change isn’t just passing through — it’s the ‘new normal.’”

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To be sure, the fiscal crisis faced by most states shows no signs of abating. At the National Governors Association’s 2009 winter meeting, the consensus was that the upcoming year will be “the worst on record for public funding of American higher education,” according to Daniel J. Hurley, director of state relations and policy analysis for the American Association of State Colleges and Universities.

The numbers are sobering. While signs that the economy is righting itself began emerging as early as last fall, 200 metro areas and 29 states officially remain in recession. Across all states, budgets were down a combined 5.4 percent — and that was before additional budget shortfalls from lower-than-projected revenues. Thirteen states have completely exhausted their reserve, so-called “rainy day” funds. Only two — Montana and North Dakota — do not have a current year shortfall.

Were it not for the \$787 billion federal stimulus package enacted last year, the situation would have been far worse. According to Hurley, state support for higher education fell by 2 percent in 2009 — but with stimulus funds, overall support actually increased by 1 percent. This year, stimulus funds kept a 2 percent drop in overall state support from becoming a 3 percent drop, but as stimulus funds dry up, 36 states are expected to have combined shortfalls exceeding \$56 billion in 2011. The following year, the good-news/bad-news scenario suggests that fewer states will face even larger shortfalls.

The outlook has community college leaders in many states rethinking their long-term plans. “We understand there are no more pots of money, no rocks to uncover,” says Michael Hansen, president of the Michigan Community College Association. “The other option is to look at other things and be more creative.”

When it comes to responding to workforce needs, community colleges have always been fast and flexible. Now they are focusing that nimble approach on their own operations. “If we can leverage change, that will help us remain strong and navigate our way through the financial crisis,” says ACCT President & CEO J. Noah Brown. “We have to redouble our efforts to focus on the capacity of our organizations to be agents of change and equip the greatest number of students for success. That’s the only way out of this mess.”

Below are seven strategies shared by community college leaders from across the country that are innovating their way through fiscal hurdles.

1 OFFSET CUTS WITH INCREASED ENROLLMENTS

While record enrollments are straining community college facilities across the country to the limit, in some cases higher enrollment rates have translated into much-needed revenue that has been used to offset funding cuts.

In Michigan, where the state’s prolonged recession has led to constant but relatively gradual cuts since 2001, a corresponding ongoing growth in student enrollments has helped to compensate for state funding that has reverted to 1999 levels, according to

MCCA’s Hansen. “Enrollments have increased each year, and for a while, that’s been a good thing,” he says.

To be sure, the strategy is more viable in higher-tuition states. In New Jersey, where tuition averages between \$125 and \$130 per credit hour and enrollments have been growing by up to 20 percent, higher enrollment has been “a winning formula in the short term,” according to NJCCC’s Nespoli. “Because of the enrollment growth being fueled by adjuncts, we’ve been able to hold off on layoffs.”

In California, “the willingness of faculty and staff to serve students have made them winners in legislators’ and the governor’s eyes,” says Scott Lay, president and CEO of the Community College League of California, whose colleges have increased average class size from 29 to 31 students. “When that’s spread across more than 1 million course sections, to move the needle like that is remarkable,” he says.

In most states, however, enrollment growth will taper off as the economy improves. In California, New Jersey, and elsewhere, the number of graduating high school students is expected to peak this year and then trend gradually downwards. “When the growth levels off, we’re going to be challenged,” Nespoli says.

The other limiting factor remains facilities, which, despite efforts to fill every square inch of available space, are ultimately finite. Michigan’s slow but steady enrollment growth over the past decade finally reached a tipping point over the past two years, according to Hansen, forcing some campuses to turn students away. “High-demand classes fill literally within hours,” he says.

2 POOL BUYING POWER

In Ohio, a supportive governor and federal stimulus money — estimated to comprise a full 15 percent of the state’s total appropriations for higher education — played key roles in protecting the state’s 23 community colleges from cuts as their enrollments skyrocketed. With the flow of stimulus funds expected to dry up, the Ohio Association of Community Colleges is rolling out several programs to help its members weather coming shortfalls, says Dr. Ronald Abrams, the association’s executive director.

OACC is developing a “strategic sourcing operation” that will allow member colleges to pool their buying power in such areas as risk management, energy, and supplies. While four-year universities in the state have entered similar buying pools, “our institutions have operated pretty independently,” Abrams says, projecting that the statewide effort could “save multiple millions a year across the institutions.”

In Texas, the state’s 50 independent community college districts are looking for efficiencies “wherever they can find them — shared faculty, shared facilities, energy control,” says Reynaldo Garcia, president of the Texas Association of Community Colleges.

Michigan’s community colleges already collaborate in a number of areas, including supplies and health insurance, and the MCCA has offered discounted long-term disability and life insurance to member colleges. But the association is now developing a

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technology-purchasing project with Microsoft and creating its own self-funded worker’s compensation program, according to Hansen.

“Each program by itself doesn’t save a lot of money,” he says. “But taken together, they add up and provide significant savings.”

3 REDOUBLE ADVOCACY EFFORTS

It is with a bit of understatement that Michael Monaghan, executive director of the Illinois Community College Trustees Association, calls his state’s fiscal outlook “dire.” With continuing year-after-year declines in state revenue receipts, the last two quarterly state contributions have come from a pension-bonding mechanism and federal stimulus funds. “We don’t know where the next quarterly payment will come from,” Monaghan says.

Continued advocacy is critical to ensure that lawmakers “share with the colleges all of the resources that they can,” Monaghan says.

While the situation in Illinois remains bleak, “community colleges as a system have received 75 percent of what was appropriated,” Monaghan says. “We think that’s pretty amazing, considering the circumstances.” In fact, Gov. Pat Quinn, who is running for reelection, has already proposed a 1 percent increase in the state income tax — “indicative of how rough this is,” Monaghan acknowledges, but also a sign that lawmakers intend to do everything they can to support higher education.

In Oregon, community colleges face a 10 percent drop in funding following two years of 10-plus percent enrollment growth — and an even more grim picture as the state faces a projected \$2.5 billion structural deficit going into the 2011–13 biennium. The message being sent to Oregon lawmakers is “that this is not sustainable,” says Andrea Henderson, executive director of the Oregon Community College Association. “We’ve been very successful in messaging that community colleges are economic first responders in this crisis, so when legislators think about that safety net, we’re on that list.”

Like Oregon, Texas has a biennial budget, and state lawmakers are expected to confront a \$15-18 billion budget deficit when they convene in January, according to Garcia. The biennial process gives community college leaders time to plan their advocacy approach, and TACC is currently working with trustees and presidents across the state to refine a message that Garcia anticipates will focus on accommodating enrollment growth that could approach 25 percent over two years.

In preparation for its own biennial legislative session in January, OCCA is collecting “success stories” of Oregonians who have found jobs after training or retraining at the state’s community colleges, according to Henderson. “That really is the key right now,” she says. “We reached up to meet this crisis, but serving more students for less money is not a sustainable model.”

That message has been heard even in California, thanks in part of a growing statehouse community college caucus that mirrors ACCT’s national efforts to build bipartisan caucuses in both houses

of Congress. In May, California Gov. Arnold Schwarzenegger unveiled a dramatic series of cuts to a range of programs, including health and human services and the proposed elimination of the state’s welfare system — but included funding to help accommodate enrollment increases at the state’s community colleges. “Compared to virtually every other part of state government, community colleges have been treated very well,” says CCLC’s Lay. “The governor has said cuts to higher education are hurting the ability of the state to turn the economy around.”

The good news, argues AASCU’s Hurley, is that even when lawmakers find their purse strings tied by the realities of the fiscal crisis they face, they often still find ways to help community colleges in their state.

“State legislators have sympathy for the work you’re trying to do,” Hurley says. “Seize on that opportunity and look for opportunities to loosen up the red tape to help you do your work.”

4 BOLSTER FOUNDATIONS

On paper, every one of Ohio’s community colleges has a foundation charged with helping to develop new sources of funding to offset the falloff in public money — namely, philanthropy. Depending on the college, the foundation may consist of a full-fledged, professional development team — or a sole staff member “who wears other hats,” says Abrams.

“Some institutions have created structures to accept gifts but haven’t been in the business of fundraising,” he adds. “The spectrum of capacity and expertise is about as broad as you can imagine.”

To bolster the capacity of the state’s community college foundations, OACC has created a Center for Development — essentially a statewide foundation tasked with both providing expertise to individual community colleges and serving as an intermediary for larger organizations. “The Center is based on the premise that for the foreseeable future, all of our colleges are going to be challenged in terms of resources,” Abrams says. “State dollars aren’t going to be there for a long time, and fundamentally, community colleges have to be better at attracting philanthropic funding.”

The Center for Development will provide individual colleges with technical expertise, including training for foundation directors and trustees as well as assistance with donor research. Its umbrella role is envisioned to help win dollars from large foundations and federal grants, which “are focused on a broader-than-institutional level and often prefer to deal with intermediary entities or umbrella organizations,” Abrams says. As a foundation in its own right, the center will use the money it raises itself to help provide technical expertise or to funnel contributions to participating institutions.

Working with the foundation directors from the state’s 23 community colleges, the Center has developed a list of eight

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benchmarks to get all schools up to a threshold standard of fundraising capacity. “It gets them in the business to be able to compete and do effective fundraising,” Abrams says.

BUILD CAPACITY TO COLLABORATE

In many states, community colleges have a long history of independence. But the need to remain on the cutting edge of career-training opportunities is leading a growing number of community colleges to collaborate on developing new curricula and training programs.

In New Jersey, Cumberland County College and Salem County Community College recently signed an agreement to create a dual-admission AAS applied science associates degree track that incorporates energy programs from both campuses. “We’re conscious of the fact that our ability to remain autonomous institutions is related to our ability to satisfy funders that we are a good value,” says Dr. Casey Crabill, president of Raritan Valley Community College. To that end, the state’s community colleges are examining “what we can do together, and what’s such a local response it should [remain] localized.”

In Michigan, colleges are collaborating around new alternative energy programs, sharing curricula and other resources in areas such as wind technology in order to maximize resources. Ohio’s state association is focusing on trustee education to foster such collaboration. “We’re trying to strengthen the engagement of trustees as we deal with these kinds of issues,” Abrams says.

DEVELOP NEW PROGRAMS

When Michigan lawmakers were looking for new ways to help retrain the state’s workforce, they knew the state’s community colleges could play a significant role. Borrowing from a similar program in Iowa, they created the Michigan New Jobs Training Program, which provides businesses with economic incentives to partner with community colleges to develop training programs.

Under the program, community colleges borrow funds to develop training programs in cooperation with participating businesses that are either expanding or relocating to Michigan. Those loans are repaid by diverting the withholding taxes paid by the partner company’s newly trained employees — at no extra cost to the employee, the college, or the company.

Promoted as a key component of the state’s economic development strategies, programs like the New Jobs Training Program represent “another way a college can support its mission without being reliant on [traditional] state funding,” says Hansen. “It won’t support the entire operation, but it’s one of many small tools in the toolbox to increase revenue.”

STRATEGIC VISIONING

With record enrollments providing a temporary cushion, New Jersey’s community colleges are embarking on a strategic process

to reexamine virtually everything they do. “We need a new business model,” says Nespoli. “We’ve got about a three-year window and that gives us some time to better figure this out.”

RVCC’s Crabill is heading a statewide task force charged with exploring a variety of business models and practices. The task force, which was proposed during a statewide trustee retreat last November, is an acknowledgement of the “new normal” of funding realities, according to Crabill.

The task force is exploring ways the state’s community colleges can work together to deal with increased demand, support institutional quality, foster college readiness and the effectiveness of developmental courses, and sustain themselves within the context of the shifting funding climate. By November, the task force hopes to propose strategic directions to tackle such big-picture issues as regionalizing business practices and exploring new funding models.

“It seems luxurious to be focusing on these big questions, but this is a time where that’s really necessary. You can [only] chip away and come up with some small ideas if you don’t look at it in a broader view,” Crabill says.

New Jersey is not alone in looking at the big picture. Virginia’s community colleges are in the midst of Achieve 2015, a six-year strategic plan that has identified an ambitious range of outcomes, including increasing the number of students served by the state’s community colleges by 50,000; maintaining tuition and fees at half the cost of Virginia’s public four-year institutions; increasing the number of students who graduate, transfer, or complete a workforce credential by 50 percent; doubling the number of employer-provided training services to 10,000; and raising at least \$550 million in gifts and grants.

Such initiatives reflect a critical reality, according to Nespoli. “We’re in an era where public funding is tracking in one direction while enrollments are tracking in another. Not many people embrace change, but things are changing, and we have to figure it out.”

HALF EMPTY, OR HALF FULL?

While few community college leaders hoped for an economic crisis of this magnitude, there have been a few unquestionable benefits. The Obama Administration has placed community colleges in the national spotlight and encouraged community college leaders to reevaluate their operations and missions as part of the push towards accountability and completion.

“Community colleges have hoped for this level of national attention for as long as I can remember,” RVCC’s Crabill says. “We’ve got to focus not just on coping and doing the same things for less money, but the opportunities to enhance student success.”

By emphasizing student success in difficult times, community college leaders send a powerful message, according to Lay. “That message is being really well received by the legislature, the business community, and the public,” he says.