

Ten Business Imperatives

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With a faltering economy and state funding falling behind enrollment growth, community colleges have been forced to become more creative and efficient. In the State of Florida, funding per student FTE has been declining. It has gone from \$5,521 in FY 2006-07 to \$5,117 in FY 2008-09. At Valencia Community College, President Sandy Shugart led the senior leadership team in developing Ten Business Imperatives in June of 2004 to help prepare for the future. These imperatives helped focus our attention on key business processes, which could potentially generate additional resources and enhance how students experience the college. As a result of our efforts, we were able to both enhance services to students and free up approximately \$3 million in annual savings, and this will grow as we are able to fully implement other aspects of our plans.

Introduction of the Organization

Founded in 1967, Valencia Community College is located in central Florida and serves the Greater Orlando area. We serve a majority minority student population with an annual enrollment that will exceed 60,000 students this year (24,227 FTE for FY 2007-08). We have an annual budget of approximately \$132 million.

Statement of Problem

Our average funding per student FTE has been falling, and we had identified a number of weaknesses in some of our business processes that needed to be addressed. We were looking to eliminate barriers that distracted from a positive student experience, while trying to reduce costs and find new ways of generating revenue for the college.

Design

We took a very systematic approach in developing these imperatives, which we knew would require broad stakeholder involvement over an extended period of time. Many of these imperatives included multiple interrelated elements, which required a great deal of cross-departmental involvement. While in most cases the business imperatives were too broad to be owned by a single person; the responsibilities were shared at that level. However, ownership of specific elements or processes within each imperative was determined as we progressed.

Implementation

Implementation did not include specific time lines. Instead, priorities were identified and worked on based on organizational need and potential value. Over the four-year period, the senior team discussions focused more on the specific elements rather than each imperative. As you will learn, we had more success on some of the imperatives than others. We are currently in the process of reviewing our past accomplishments and establishing future business imperatives.

Benefits

In addition to finding ways to enhance processes and generate or free up additional resources, we learned to work together more seamlessly and deepen our levels of trust in each other. The following provides a brief summary of the Ten Business Imperatives and the benefits in either enhanced processes, reduced expenses or expanded revenue.

1. Grow FTE (Full Time Equivalent funding) by 4-6% per year for the next three years.

We have developed an enrollment planning system that has greatly assisted us in predicting and meeting student demand. The system includes every area of the college in determining need, capacity and program content.

2. Improve our service and responsiveness at the front door in areas such as admissions, transcript evaluation, financial aid, business office, etc.

We have enhanced communication with potential students, including email messages being sent at every step of the process. We are also implementing document imaging to improve the processing of applications and transcripts.

3. Reduce deletions for non-payment dramatically at the beginning of each semester.

The college stopped providing short-term loans and contracted with an outside provider. This eliminated approximately \$100,000 in annual write-offs for bad debt. Currently, 15% of our students utilize these short-term loans for tuition, fees and books from the outside provider.

4. Control costs closely, especially in part-time personnel.

While we needed to expand part-time dollars to meet greatly expanded enrollment, we were able to curb other part-time personnel costs and reduce over-time costs. We have instituted a purchasing card system, which has not only streamlined operations, it is generating approximately \$100,000 per year. In a more dramatic step, we stopped delivering course content via television, which

generated a savings of \$625,000 per year. The course content is now being delivered on-line.

- 5. Collect all revenue due to the college while reducing bad debt.** We took a comprehensive review of our processes and computer systems to make sure that we were properly accounting for and collecting all fees. We also determined to charge the full cost of lab fees rather than subsidize some lab experience. We have reduced bad debt from \$1,164,080 in FY 2004-05 to \$366,081 in FY 2007-08. This is a savings of nearly \$800,000 annually. We also leased 80% of our ITFS capacity (TV frequency), which will generate between \$10 and \$12 million over the next 30 years.
- 6. Meet or exceed goals in Valencia Enterprises.** Valencia Enterprises is our corporate training division. They have been able to improve their performance, therefore reducing the level of college operating dollars to support. This has freed up \$800,000 from FY 2006-07 to FY 2007-08.
- 7. Clear up all remaining grants management issues and any other audit concerns.** In addition to adding a grant compliance officer, we have decided to be more selective in the types of grants we will pursue.
- 8. Expand grants from non-government sources and collect indirect costs realistically.** Since grants from public sources carry an increasingly heavy management burden, we have 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 pilot model at the district office, we have outsourced custodial services at small or remote locations with an annual savings of \$121,000 per year. We have also begun using capital expenditures to generate

long-term operating revenue. We are doing this in two areas: capital investments for energy management improvement programs; and purchases of land and/or buildings where we are currently making lease payments. We will be saving \$900,000 annually as a result of energy improvements on two campuses. We are trying to obtain state funding for two buildings and one land lease, which will generate in excess of \$1.2 million annually.

- 10. Employ much better systems of financial controls so trends are spotted early and addressed in both revenue and expenditures.** We have developed a multi-year financial planning process to help us in determine both long-term needs and proper resource allocation. Since state funding was cut twice last year during the budget year and is expected to be cut mid-year again, we are now monitoring state revenue collections to see how we might be impacted later on.

Retrospect

In retrospect, there are no glaring issues that we would change. As with most things, you would have liked to have it all done more quickly, but most colleges would feel stressed to accomplish even a portion of these business imperatives in a four-year time frame. We feel that the development of these business imperatives and the process for addressing them have generated great results for enhancing the student experience and a wonderful feeling of teamwork and accomplishment.