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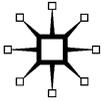
INCREASING EFFECTIVENESS OF
THE COMMUNITY COLLEGE
FINANCIAL MODEL

A GLOBAL PERSPECTIVE FOR
THE GLOBAL ECONOMY

EDITED BY

*STEWART E. SUTIN, DANIEL DERRICO, ROSALIND
LATINER RABY, AND EDWARD J. VALEAU*

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This book is dedicated to our families for their continued strength and conviction to believe in a project of this magnitude.

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Foreword

Community colleges and similar institutions, sometimes called technical colleges, technical universities, higher colleges of technology, polytechnics, further education (FE) colleges, or technical and further education (TAFE) colleges have proved to be the most flexible institutions for higher or further education and training, throughout the world. They readily shape their curricula to meet the needs of local economies, and they can move quickly to meet emerging needs for training or retraining. They maintain close ties to their community leaders and to local businesses. The institutions are sometimes referred to as “economic engines” because of their impact on local economies and preparing people with the skills needed for employment. However, the colleges are now under increasing pressure to deliver education and training to a surge of students in an environment of fiscal constraint and calls for greater accountability. The colleges have become the center of attention because policy makers are setting goals for increased levels of education and for higher levels of program and degree completion to improve the economic standing and standard of living in countries throughout the world. Students in these institutions must be prepared to succeed in an increasingly global society and economy.

The authors of *Increasing Effectiveness of the Community College Financial Model: A Global Perspective for the Global Economy* provide a wide-ranging look at what leaders of these colleges are doing and can do to meet calls for increased access, affordability, quality, and responsiveness to global economic needs—and to be more accountable for outcomes—in an environment of reduced resources. The authors first make the case for an improved financial model, calling for a new thematic and pragmatic application of financing the colleges to facilitate educational reform, to assist internationalization efforts, and to create systemic support systems to maintain the mission. Chapters deal with globalization, financial reform, governance, strategic planning, accountability, budget development, performance metrics, facilities management, cost containment strategies, and nontraditional revenue streams. Practical case studies describe how college leaders in several different institutions were able to meet challenges

through such actions as changing institutional culture, developing new revenue streams through training and workforce development programs, securing new revenue from the public through a bond campaign, developing college foundations in rural areas, cost reduction and containment, international education as a revenue stream, using a return-on-investment model to focus on improving student success, and using student government to internationalize a campus.

Strategic planning is a central theme of the book, guiding leaders to set priorities that are in alignment with the institution's mission and values. The plan should effectively link to budget development and should be multiyear. Accountability for program effectiveness and for student success is emerging as a critically important leadership requirement. Colleges will need to be more effective and more efficient. College administrators all too often are not willing to make the difficult decisions needed to maintain the health of an institution during difficult financial times, making across-the-board cuts or cutting items like international programs, staff development, and travel budgets. Often institutional research is underfunded at a time when developing a culture of evidence and accountability is becoming more important to improve student success and to advocate effectively for needed support. The authors of *Increasing Effectiveness of the Community College Model* provide the information that leaders need to make the difficult but correct decisions that will move their colleges forward even in challenging times.

GEORGE R. BOGGS

Preface

It is the best of times and the worst of times for community colleges, for colleges of further education, and for all of their global counterparts. The good news for community colleges is that leaders around the globe are recognizing the roles that community colleges can and must play in economic development and economic revitalization. Peter Drucker once referred to community colleges as being the “twenty-first century graduate school.” In the United States, our national leaders have proposed to invest billions of dollars to support community college initiatives with workforce development as well as economic and community revitalization. The recognition and respect that community colleges are receiving around the globe is unparalleled in the history of these institutions.

On the other hand, these institutions are facing crisis levels never before imagined. The good news is that student and community demands for quality services from these institutions have never been higher. Students are lined up to access community college programs that will lead them to enhanced personal and financial opportunities in the future. Enrollment figures have been increasing dramatically in these institutions since the turn of the twenty-first century.

The bad news for community colleges is that state and local funding for all of higher education has continued to decline over the past 25 years. I am fully aware that many politicians would say that actual dollar appropriations for community colleges have increased during this time period, but not as a percentage of the colleges’ operating budgets. In many states, community college appropriations are at an all-time low. And in those states where local tax support is possible, many of the taxing possibilities available for community college districts are maxed-out—i.e., community colleges could not increase local tax levies without a vote from the citizens of the district.

In 2005, Barbara Jones and I edited *The Entrepreneurial Community College*. We compiled our volume to provide actual benchmarks and examples of best financial practices with which community colleges could expand and broaden their revenue sources. In this book, Stewart Sutin and

his colleagues provide guidelines and pathways for institutions seeking to curtail costs while simultaneously expanding learning and service opportunities to the various constituencies that comprise the community college district.

Older readers will remember well those times in community college history when the need for additional revenues would have been laughable. I remember many times in my own career when colleagues referred to me as an “educational entrepreneur,” implying that I was associated closely with used-car salesmen and snake oil peddlers. Today, every college and university around the globe is fully aware that continued public support for higher education (and our community colleges) is much in danger. I have heard many legislators refer to higher education as a “discretionary item” in state budget plans for the future. In fact, several governors have proposed more autonomy for the state universities in their states if those institutions would forego the expectation of state funding on a regular basis. I envision a time when a number of our major universities will become independent, autonomous, and almost totally self-reliant.

This will not be an easy course for community colleges to follow. Our institutions are in, of, and for the communities that support them. And it is more than likely that these communities will look to, and totally depend upon, community colleges to help them identify and solve, through education, the difficult challenges that lie ahead in an increasingly global society.

So much in the transformational leadership literature has focused on the need for leaders to have vision, suggesting that those who have clarity around visionary goals and expectations will be able to apply new directions and strategies for their attainment. What I have learned in my 40 years as director of the Community College Leadership Program, at the University of Texas at Austin, is that many, if not most, of our leaders have very clear ideas about the goals they have for their institutions. It is critical, of course, that leaders have a clear vision of what their colleges can and should become. Leaders must be able to see beyond the reality of the present to the potential of the future. No one would minimize the importance of vision clarity in transforming organizations.

What is overlooked, many times, is the critical importance of execution and implementation qualities in those leaders. It is not unusual to have a college president articulate very clear goals and focus for the future, but not be at all clear about the strategies and/or execution efforts needed to achieve them.

Execution is the true genius in effective leadership and this book, *Increasing Effectiveness of the Community College Financial Model: A Global Perspective for the Global Economy* provides the reader with the informa-

tion, case studies, and effective benchmarks to transform planning into full-scale action plans. This book is focused properly on strategies for financial change. It is timely, well written, and of use to community college leaders, trustees, legislators, and others who have limitless expectations for these open-access institutions.

JOHN E. ROUCHE
Sid W. Richardson Regents Chair
Director, Community College Leadership Program
The University of Texas at Austin

Reference

Rouche, John E., and Barbara R. Jones. 2005. *The Entrepreneurial Community College*. Washington, DC: The Community College Press.

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Acronyms and Abbreviations

AACC	American Association of Community Colleges
AACU	Association of American Colleges and Universities
ABC	Activity-Based Costing
ACCD	Alamo Community College District
ACCs	American Community Colleges
ACCC	Association of Canadian Community Colleges
ACCT	Association of Community College Trustees
ACE	American Council on Education
ADEA	Association for the Development of Education in Africa
AfDB	African Development Bank
AFT	American Federation of Teachers
AtD	Achieving the Dream
BMCC	Borough of Manhattan Community College
BOG	Board of Governors
BTVET	Business Technical Vocational Education and Training
CCAC	Community College of Allegheny County
CCIE	California Colleges for International Education
CCLC	Community College League of California
CDF	Capital Development Funding
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CHEA	Council for Higher Education Association
CIEFR	China Institute for Educational Finance Research
CIP	Capital Improvement Program
CMB	Contribution Margin Budget
CMOE	China Ministry of Education
CMOF	China Ministry of Finance
CMR	Construction Manager at Risk
COMBASE	Cooperative for the Advancement of Community-Based Postsecondary Education Colleges
CPI	Consumer Price Index
CPO	Chief Personnel Officer

CPs	Community Polytechnics
CUNY	City University of New York
ESB	Energy-Sector Business
FE	Further Education
FE college	Further Education Colleges
FEMA	Federal Emergency Management Agency
FICA	Federal Insurance Contributions Act
FTEs	Full-Time Equivalent Credit Hours
GMP	Guaranteed Maximum Price
GO Bonds	General Obligation Bonds
GoU	Government of Uganda
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
GWIT	Global Workforce in Transition
HCCD	Houston Community College District
HEIs	Higher Education Institutions
HVAC	Heating, Ventilating, and Air Conditioning
HVCs	Higher Vocational Colleges
IACCP	Iowa Association of Community College Presidents
IACCT	Iowa Association of Community College Trustees
ICASB	Iowa Council of Area School Boards
IDED	Iowa Department of Economic Development
IGAs	Income Generating Activities
IIE	Institute of International Education
ILB	Individual-Learner Business
IT	Information Technology
KPIs	Key Performance Indicators
LEED	Leadership in Energy and Environmental Design
MBO	Management by Objectives
MOES	Ministry of Education and Sports (Uganda)
NAFSA	National Association of Foreign Student Advisers
NASULGC	National Association of State Universities and Land Grant Colleges
NCES	National Center for Educational Statistics
NEA	National Education Association
NGO	Nongovernmental Organization
NJTP	Iowa New Jobs Training Program Act
OECD	Organisation for Economic Co-operation and Development
PBB	Performance-Based Budgeting
PEST	Political, Economic, Social, and Technology
RC 2020	Renewal and Change 2020

REAP	Rural Education Action Project
RFP	Request for Proposals
ROI	Return on Investment
SAIT	Southern Alberta Institute of Technology (also referred to as SAIT Polytechnic)
SEIU	Service Employee International Union
SES	Socioeconomic Status
SGA	Student Government Association
SMWBE	Small, Minority, Women Owned Business Enterprise
SOLIS	SAIT Open Learning Instructional System
STEEP	Social, Technical, Economic, Educational, and Political
STOCS	Study/Travel Opportunities for CUNY Students
SUNY	State University of New York System
SWOT	Strengths, Weakness, Opportunity, Threats
TAFE	Technical and Further Education
TOPS	Taxonomy of Programs and Services
UBOS	Uganda Bureau of Statistics
UK	United Kingdom
UNESCO-UNEVOC	UNESCO International Centre for Technical and Vocational Education Training
UPE	Universal Primary Education
US	United States
USGBC	US Green Building Council
VET	Vocational and Education Training
WASC	Western Association of Schools and Colleges
WIB	Workforce Investment Boards

Series Editors' Introduction

Years of prolonged financial crises in national and global environments provide a precarious backdrop for higher education institutions at the beginning of the second decade of the twenty-first century. Financial constraints, reduced government funding, and requirements for tighter fiscal controls are areas of increasing importance for senior higher education administrators in the United States and abroad. *Increasing Effectiveness of the Community College Financial Model: A Global Perspective for the Global Economy* helps address these timely financial issues in higher education. The book was conceived as a CIES Higher Education Special Interest Group research project by an editorial team of four scholars and practitioners with a wealth of administrative experience at community colleges and universities.

The initial two chapters position the volume within the broader comparative and international higher education literature, emphasizing the dearth of published works and firsthand case studies of actual higher education financial programs and processes. This is especially the case at the community college level. Divided into two primary sections, the volume provides ten chapters on various higher education finance topics such as leadership, strategic planning, budget management, and facilities management. The second half of the book includes ten country and institutional case studies of higher education models with firsthand accounts from the editors and other contributing authors. This case study chapter approach offers readers a unique and catchy way of learning about a variety of practical topics including culture, training a global workforce, financing, the role of foundations in the fund-raising process, and a “value-added” international education department. The concluding chapter serves in many ways as an epilogue to the entire volume with suggestions from the editors on the way forward.

Many of the chapters in this volume draw from empirical research, with clear descriptions of data collected along with their methods of analysis. Multiple national case studies offer readers a comparative look at the volume's focus on the role a global perspective plays in increasing effectiveness

of the higher education institutional financial model. The editors have structured this book to address current policy and practice issues that relate to higher education institutions generally and community colleges in particular. With country examples from China, Uganda, the United Kingdom, and the United States, the case-study approach provides examples of how senior higher education administrators deal with some of the leading finance issues of our day.

The book opens with a foreword and preface by George R. Boggs and John Rouche respectively, both highly reputed community college leaders. As the newest addition to our Palgrave Macmillan *International and Development Education Book Series*, this volume puts forward a financial higher education institutional model of relevance to senior higher education administrators everywhere.

JOHN N. HAWKINS
University of California, Los Angeles

W. JAMES JACOB
University of Pittsburgh