



President's Response
to the
Future Funding Committee Report

Prepared for the
Grand Rapids Community College
Board of Trustees
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Introduction

The Board of Trustees (Board) of Grand Rapids Community College (GRCC/College) has been studying the fiscal health of the College based on trend data, economic indicators, technology needs, and budget projections. The Board and administration have already taken several steps to assure the fiscal health of the College by reducing the budget more than \$2 million in response to the financial challenges of the past three years.

To prepare for future financial challenges, the Board authorized President Olivarez in April 2002 to appoint an external community committee (Committee) to assist its study and provide input regarding the future financial stability of GRCC. Over a period of several months, this committee studied the revenue trends for Grand Rapids Community College, the four primary funding challenges for the future (existing operational expenses, technology/equipment needs, deferred maintenance, and new programs/services), and reviewed cost structures and expenditure history.

The Committee presented its report and recommendations to the Board of Trustees in August 2002. Although the report affirmed the unique purpose and mission of Grand Rapids Community College and acknowledged the quality improvement and cost containment efforts to date, the Committee identified several areas of opportunity and challenged the college to be more aggressive in resource development, process improvement, and cost containment. In October 2002, the Board directed the President to consider and begin implementation of the strategies identified in the recommendations.

President's Response: Focus on the Future

Organizationally, we learned a great deal from the observations, feedback, and perspective of the Future Funding Committee. The Committee engaged us in reflection and pushed us to look at ourselves, and our work, much more critically. Since then, we have been actively engaged in further evaluation, studying the scenarios surrounding the recommendations, and critically challenging our existing processes and practices.

Uncertainties regarding future growth (or even erosion) of two of the College's three primary revenue streams (state aid and property tax), coupled with increasing costs to operate the College, make it clear that GRCC faces significant challenges for the future. Furthermore, in December 2002, the Governor of Michigan issued an Executive Order Deduct reducing state appropriations for the College by 2.0%, presenting an immediate challenge to GRCC for the 2002/2003 fiscal year. This permanent reduction in a primary revenue source, when coupled with the continuing decline in interest income and rising operational costs, presents an even greater challenge for GRCC. Additionally, the State of Michigan faces a statewide budget deficit estimated to be over \$1.8 billion for 2003/2004. It is predicted that community colleges will face additional reductions in state aid allocations for the 2003/2004 fiscal year and beyond.

From the beginning of my presidency, together we have promoted an organizational learning model that emphasizes openness, participation, collaboration, data-based decision making, and the value of strategic planning. Our participation in the Academic Quality Improvement Project (AQIP) for accreditation is evidence of our college-wide commitment to employee participation and continuous improvement. Cross-college capacity building has been demonstrated through the work of our

Quality Leadership Team. As a *team of teams*, the role of this group is to focus campus attention on quality improvement practices, increase communication and collaboration among functional units and teams, review progress, and recommend priorities that can be communicated, understood, accepted, and effectively implemented throughout the campus. While honoring the past, we have learned new ways of working together to develop organizational capacity to address the new challenges.

The recommendations of the Future Funding Committee, the Governor's Executive Order Deduct, the uncertainty of state aid, and current economic conditions make this a pivotal point for the future of Grand Rapids Community College. The Board's commitment to being accountable to our community, their wisdom and foresight in appointing the Future Funding Committee, and their subsequent acceptance of the Committee's recommendations has positioned us to be well prepared to address the added challenges we will face as we enter this new era.

As the community's college, we are committed to providing the community with comprehensive services, including transfer and articulation, workforce development, job skills, and life-long higher education learning opportunities. The improvement of student learning for student success is the core of our mission. To accomplish that, we are committed to protecting the fiscal health of the College to assure the ability of the College to fulfill its mission for the future of our community.

Our first step in preparing and planning for that future is to address the recommendations and suggestions of the Future Funding Committee:

The Committee recommends that GRCC research and identify opportunities for self-improvement, collaboration, cost containment, and revenue generation prior to considering an increase in millage for KISD residents.

In other words, be more accountable to taxpayers. This message was endorsed locally in an editorial by the Grand Rapids Press and has been echoed across the country for all of higher education. Therefore, this report - the first of many - will outline our response to the recommendations of the Future Funding Committee by identifying our progress to date and framing our intentions for the future.

Revenue Source Strategies

Recommendation

Address the disparity between in-district and out-district revenue support in order to provide fairness and equity for Kent Intermediate School District (KISD) taxpayers. Specifically, significantly increase out-district tuition and/or seek millage within adjoining communities for taxpayer assistance of their students.

Response

With the growth and expansion of West Michigan, the needs of our community and region change. Given our current support structure, it is appropriate that we be actively involved in assessing and responding to those changing needs while providing fairness and equity for our KISD taxpayers. Addressing the disparity between in-district and out-district support is a regional, multi-faceted topic that will require a long-term

strategy for a long-term solution. Several initiatives are already underway to address this regional issue:

- √ The West Michigan Strategic Alliance was launched by a diverse group of community leaders to address many of these regional issues. The Alliance encourages cooperation and collaboration among the businesses, institutions, and governmental units of the greater Grand Rapids, Muskegon, and Holland area. Through the Alliance, College Presidents from across the West Michigan region have begun to meet to discuss regional higher education issues and needs.
- √ Several meetings have been held with regional K-12 school district leaders and more are scheduled with business and community leaders to discuss community college services for the region.
- √ A multi-year tuition strategy is currently being studied and a recommendation for 2003/2004 will be brought to the Board in March 2003. This study includes; in-district/out-district comparative benchmarking with other community colleges, information from the state regarding the Michigan Tuition Tax Credit, scenario analysis based on anticipated variables, and feedback from students regarding their issues and concerns.
- √ We continue active legislative involvement and lobbying to alert lawmakers to the issues and concerns facing community colleges. Of growing concern are the services to Michigan residents who come from areas of the state not in a community college district. Legislators will be on campus on January 31, 2003 to learn about specific issues facing Grand Rapids Community College.

Recommendation

Partner with community employers for financial support of programs that have been identified as high need/high value in the community.

Response

- √ The college has historically partnered with community employers on several levels for financial support of college programs. Donations of equipment, supplies, program specific scholarships, faculty internships, and most recently, the Tassell M-TEC capital campaign are all examples of partnership initiatives.
- √ We will continue efforts to expand partnerships with community employers, but will also expand efforts to increase partnerships with suppliers, community service providers and other educational entities. Targets will be developed for long-term partnership opportunities to address ongoing equipment needs, programmatic offerings, services, and financial objectives.
- √ More can and will be done to define partnerships, articulate partnership strategies, and pursue innovative partnership opportunities. With “Community Partnerships” articulated by the Board of Trustees as a specific outcome for Grand Rapids Community College, definitions, indicators, and progress will become part of the regular monitoring report.

Recommendation

Pursue grant dollars to support goals and objectives.

Response

- √ In February 2002, the college hired a Grants and Resource Development Officer to assist in procuring new grant dollars. Our internal grants approval process has been streamlined, grant resources have been developed for faculty and staff and potential grant opportunities identified in support of college initiatives through federal, state, and private funding sources.
- √ Several new sources of grant funding have been identified and proposals are in process. Most significant is our determination of eligibility for Federal Title III funds. This may also result in a cost savings by waiving our requirement for match dollars on some other federally-funded programs.
- √ Additional grant-related revenue targets will be developed for the 2003/2004 academic year to support college priorities and strategic initiatives. This will become part of our regular planning cycle. Our commitment is to raise the bar and significantly increase the number of grants we apply for and the dollars we receive.

Recommendation

Increase fund-raising efforts.

Response

Fund raising efforts for Grand Rapids Community College have primarily focused on student scholarships. We are fortunate to have a well-established Foundation endowment enabling the College to annually award more than \$650,000 in scholarships. Larger scale fund-raising initiatives have traditionally only occurred around specific milestones or in support of specific projects such as our 75th Anniversary, construction of the ATC and the Tassell M-TEC. The Committee confirmed the importance of friend-raising and fundraising for higher education and challenged us to be more active in our efforts.

- √ The Future Funding Committee identified the potential and importance of an annual fund raising event. The first “annual” Big Event fundraiser was held in October 2002. This event was successful in raising money for the general scholarship fund, showcasing the talents of students and staff and creating anticipation for future events.
- √ The Alumni Board has become very active in expanding alumni membership in the Alumni Association, planning Alumni Association sponsored events, and designing new activities and opportunities to increase participation and financial support from our alumni.
- √ Specific development strategies are being developed for implementation in 2003/2004 around targeted fund-raising initiatives and new opportunities in support of college objectives.

Process Improvement for Cost Containment Strategies

Recommendation

Implement a process by which GRCC will regularly review every aspect of its system for efficiencies and ongoing financial savings. In particular, evaluate all programs and services to determine value and cost effectiveness; Define, identify, and reduce waste; Determine a process to contain high cost programs; Review compensation packages to assure the College is competitive but not excessive; Increase class sizes where and when appropriate; Look for outsourcing options to partner with third-party service providers; Review staff and other administrative costs in order to achieve efficient operations.

Response

These recommendations clearly demonstrate the value of an outside, objective analysis. The critique of our data and information by the Future Funding Committee was an invaluable learning experience for our organization. They challenged us to look at our work and our processes even more critically and to review every aspect of our organization to gain system improvements and operational efficiencies.

- √ The College Leadership Council immediately went to work on these recommendations. They reviewed existing work unit plans, processes, and activities to create efficiencies and contain costs. Areas include:
 - Printing & material costs.
 - Employee staffing levels.
 - Temporary labor management.
 - Enrollment & section management (class size).
 - Enhance utilization of existing technology.
- √ We set new stretch goals for process improvements already underway, and began development of new process improvement strategies to be implemented during 2003/2004:
 - A new, comprehensive academic program review model was rolled out to all academic departments in January 2003. This process will be used annually by all departments to review curriculum, assess student learning, identify needed improvements, and measure program effectiveness.
 - Street-to-Seat is an initiative to improve efficiency, reduce costs and streamline the time it takes a student to go from the point of admissions to enrollment. A cross college team has been reviewing our existing processes, studying benchmarking data, and learning “lean” principles. Later this spring, a group of employees will use a “Kaizen-blitz” approach to re-design these processes for immediate results.
 - A new enrollment/section management tool was developed to model costs and/or savings and to provide just-in-time data to be used when determining the number of sections to offer and/or the impact of class size by academic department.
 - We have started the development of a model to annually review the effectiveness of our support services and non-academic departments. This will be implemented in 2003/2004.
- √ In addition, we have initiated the research, benchmarking, and dialogue necessary to continue the review of salary and benefit costs:

- We are evaluating proposals from external vendors to complete a compensation study for non-union employees. Results of the study are targeted for June 2003.
- Employee groups are meeting to begin dialogue around health care costs and cost containment.
- Review of all open positions to reduce labor costs through attrition.
- New and innovative out-sourcing options.

Mission and Program Strategies

Recommendation

Implement an ongoing process to strategically determine the programs and services GRCC will provide to the community. Additionally: Implement a systematic process for program review, including the addition and elimination of programs; cultivate long-term learner relationships for sustained revenue impact; consider variable tuition structures that more nearly equal program costs; identify models to critique and review existing programs for cost reduction.

Response

This message came through loud and clear - "We cannot be all things to all people!" The programs and services we provide to the community must be continually reconsidered in light of our mission, demonstrated community need, effectiveness and economic impact on the College and the community. We must be accountable and responsible to our students and stakeholders for the actions we take. And, as the Committee recommended, deciding what actions we take requires an ongoing, comprehensive, systematic process for planning and resource allocation. Budget issues must not guide our decisions; rather our resource allocation decisions must be based on a clearly articulated strategy and be accomplished through tactical methods. To that end:

- √ We have begun a complete overhaul of existing planning processes to create a comprehensive strategic guide for planning and resource allocation decisions and will begin using this guide for 2003/2004. Key elements of this guide include:
 - Vision and mission
 - Values
 - Strategic outcomes (ends)
 - Strategic framework for planning (AQIP)
 - Strategic priorities for 2003/2004
 - Budget principles
 - Budget justification guidelines
 - Budget criteria
 - Planning and budget development cycle
 - Decision making matrix
 - Planning and budget tools
- √ As a result of the recommendations of the committee, the College Leadership Council identified additional areas of opportunity for the future and will begin to integrate these into the annual planning and review process:
 - Revenue and resource generation strategies
 - Legislative and political issues

- Academic program size and mix
- New product development
- Comprehensive compensation package review

Conclusion

For 87 years Grand Rapids Community College has been, and continues to be, a strong institution of higher learning. Throughout our history, we have faced numerous challenges and have evolved with the growth and needs of the community. What has always held the College together was the commitment of employees and the strong community support for our existence.

It was clear to the Future Funding Committee that Grand Rapids Community College has a unique role in our community. However, as we learned from the Committee, in times of limited resources, it is not feasible for any organization to believe it can be all things to all people. And, we were challenged by the Committee to review every aspect of our business and business systems before we ask for more taxpayer support.

As we confront future economic challenges, it is extremely important that we keep our eyes on the future of GRCC and our focus on student success. This is what makes us unique – we create winners. The improvement of the student experience and its impact on student learning and success is the critical factor in long-term and short-term planning cycles and the allocation of college resources.

Short-term, our progress will be measured by addressing the anticipated budget deficit for 2003/2004. We will accomplish that through implementation of some of the recommendations made by the Future Funding Committee, recommendations from staff, and the implementation of our comprehensive planning and resource allocation process. Long-term, we will still need to address ongoing concerns regarding technology, equipment, deferred maintenance, and new program development. Yet, we must be able to prove that we have addressed the recommendations made by the Future Funding Committee.

To be accountable to our community, we must demonstrate that we have been good stewards of community resources, have made significant progress over time, and have protected the essence of Grand Rapids Community College before we ask for additional support from our KISD taxpayers.

As our service and economic region expands, the College must continue to adapt and change in order to stay competitive and financially secure. We must become lean, efficient, and financially able to assure the continuation of quality instructional programs; provide a positive student experience; and protect and maintain the facility, equipment, and technology assets of the college.

We have entered an era of new challenge. We must continuously evaluate our offerings and services so that we balance the needs of the community with the resources we have at our disposal to meet those needs. Now, more than ever, we must commit to diligent strategic planning, systemic processes, and tactical actions. Our community is watching.