

Section B

Standard Seven

Standard Seven – Finance

What significant changes have been made in the financial structure and condition of the institution (budgetary increases and/or decreases, operating surpluses or deficits, plans for the future)?

Financial Environment

Lane Community College is succeeding in achieving fiscal sustainability despite a general decline in public resources available for operating costs. Fiscal challenges have become more pronounced at Lane over the past ten years as they have at many public institutions across the country.

While relatively static levels of public resources have fallen behind the rising cost of living, tuition has necessarily increased to bridge the gap as indicated in Figure B.7.2. To ensure adequate resources amid dynamic economic change, Lane has assured that scarce resources are purposefully aligned with strategic priorities and has employed ongoing planning and modeling of decision consequences.

Planning

Lane continues to improve its budget development abilities with a future-year budget model that forecasts revenues and expenses using current information. This approach expands the ability to perform “what if” analyses of various scenarios, and to provide information that informs decisions based on changes in key variables, such as the level of state appropriations. For

2005	Implemented Finance Council in Governance system
	Established full time Internal Control Accountant position
	Received GFOA Budget Award for Financial Reporting
2006	Received GFOA Finance Award for Budget Presentation
	Enhanced student success by ensuring available funding for class materials; students filing a FAFSA may charge purchases in the Bookstore
2007	Initiated electronic billing with proxy access for family members - expands student payment options and source of financial help.
	Created and employed MS Access database-driven 5 year budget model - enables real-time “what if” modeling of college finances
2008	Received GFOA Awards for Finance Reporting and Budget Presentation
	Implemented “Finance Dashboard” – user friendly metrics display of financial results
	Implemented Operational Data Store for more powerful financial reporting tools
	Implemented Public Forums in budget development
	Received GFOA awards for both financial reporting and budget presentation
	Replenished required amount of Ending Fund Balance
	Received GFOA awards for both financial reporting and budget presentation
	LCC Foundation raised “match” for state grant - completes funding for new Health Professions building
2009	Passed bond election in November 2008 authorizing \$83 million in facility improvement bonds
	Increased Ending Fund Balance above requirement
	Awarded \$8 million in deferred maintenance funds from state
	Appropriated \$8 million dollar matching funds to replace downtown center

Figure B.7.1: Key Activities by Fiscal Year

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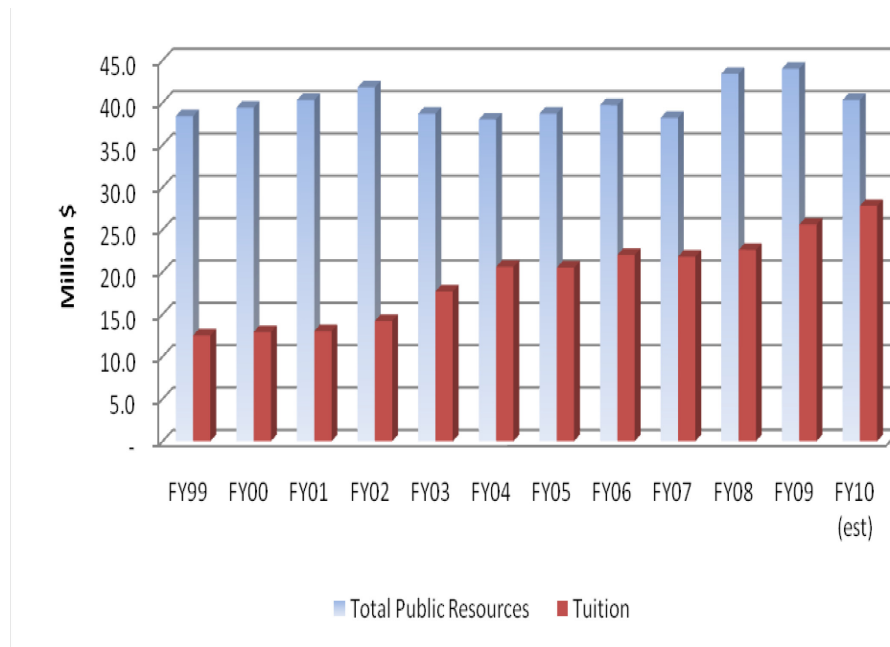


Figure B.7.2: Total Public Resources and Tuition Revenues FY99 – FY10
Source: Lane Community College Banner ERP

example, the College was quickly able to model the impact of the reduction in property tax collections on the College budget.

To further enhance accuracy of financial reporting and planning, the College created a full-time internal control accountant position for regular reviews and tests of financial records and processes. In addition Lane provides opportunities for individual suggestions and detailed planning at the unit level to address changing needs from year to year. For example, the internal controls accountant was able to help the bookstore resolve problems in textbook inventory management and sales planning, saving tens of thousands in losses from idle and obsolete inventory.

Lane's budget document has won awards from the Government Financial Officers Association for four years in a row. Lane has also won GFOA annual awards in the same period for financial reporting. The budget process is outlined in detail on the College budget development website,¹ and involves the College governance system which establishes strategies and frameworks to address shortfalls and strategic shifts of resources.

¹See <http://www.lanecc.edu/budget/budgetdd.htm>

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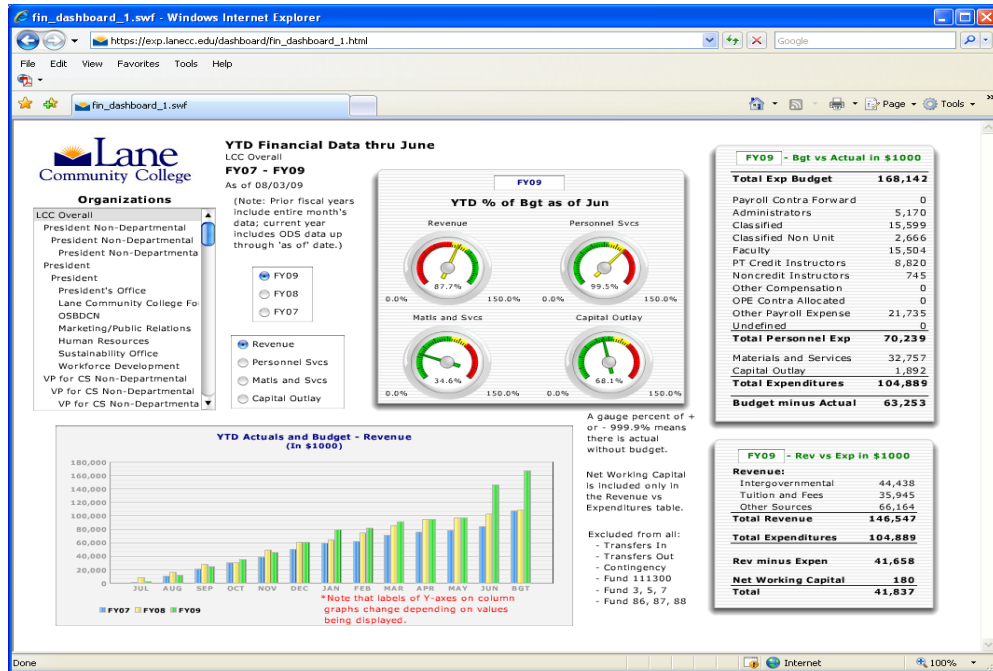


Figure B.7.3: Finance Dashboard

Lane also has invested substantial work in recent years to make financial results more accessible and understandable for the college community. A tool recently implemented to help achieve this is the creation of a financial “dashboard” (Figure B.7.3) that provides a quick summary of college financial metrics. The source information for the dashboard is updated with the posting of each payroll. This allows the average employee to have a simple and transparent view of college finances without the need for mastering a complex accounting system or relying only on the explanations of others.

Lane also has increased the depth and breadth of its training programs, providing expanded access to financial data. This contributes to financial transparency and empowers more users of financial information to utilize the budget more effectively as a planning and guiding tool. Underlying efforts to improve access to and understanding of financial information has been the expectation that having more financially knowledgeable stakeholders across the College will contribute to on-going long-term financial analysis and planning, which also will benefit the work occurring in other arenas such as labor negotiations. This improved dynamic will contribute to fiscal sustainability and overall college financial performance.

Financial Environment

Sparked by grave concerns that state revenue will continue to decline, causing further erosion in funding for community colleges, Lane has been focusing efforts to restore the college ending

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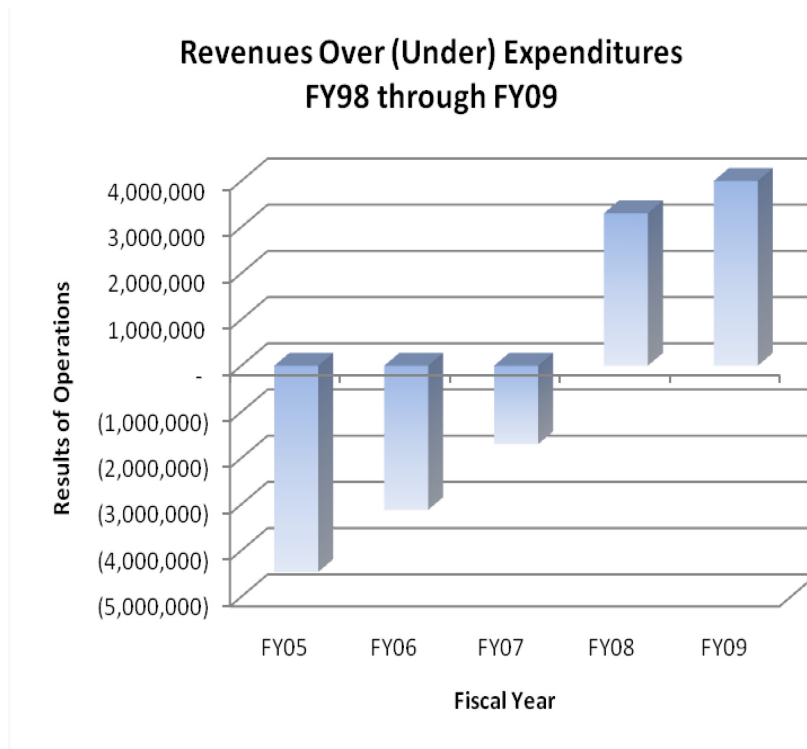


Figure B.7.4: Revenues Over (Under) Expenditures FY98 – FY09

Source: Lane Community College Banner ERP

fund balance. This effort has resulted in full compliance with Board Policy² and contributes to efforts to ensure fiscal stability. While restoration of the ending fund balance to meet minimum Board requirements is very good news, Lane still has no true reserves for the fiscal flexibility it needs.

Maintaining an adequate ending fund balance has become essential for meeting possible mid-year reductions in state support caused by declining tax revenues. Additionally, the College has been challenged in managing its operating requirements during the last quarter of the biennium using cash flow alone because the legislature defers the last quarterly payment for community colleges into the next fiscal year. Restoring the ending fund balance has been essential for maintaining the College’s credit rating, which is a critical requirement for keeping interest costs to county taxpayers as low as possible (bonding authority was approved by voters in the November 2008 election).

² See Board Policy Number: E.030, Ending Fund Balance (<http://www.lanecc.edu/presoffc/board/policies/E030.htm>)

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Additional Revenues

Lane has been successful in fundraising and development in recent years. Although Lane's endowment has suffered from market declines, annual revenue from that endowment has placed Lane in the top twenty community colleges nationwide.³ The Lane Foundation's focus for the past four years has been fund raising for the Opening Doors campaign, a major gifts campaign, while simultaneously continuing to conduct an annual campaign. Lane retains close connection with its Foundation. All employees of the Foundation are college employees and the major portion of their salaries and benefits is paid from the general fund.

Having enterprise ventures augment the general fund has been a strategy to support fiscal sustainability. For example, the revenue from the Center for Meeting and Learning augments the general fund. Despite a challenging economic environment (Figure B.7.4) Lane has been able to significantly increase funding for physical facilities. In November 2008, the district voters authorized \$83 million in bond authority for physical facility improvements. Additionally, in February 2009 the legislature appropriated \$8 million in economic stimulus funds for more physical facility improvements and repairs, and \$8 million was appropriated for a matching grant to replace Lane's downtown center. These funds are in addition to those available for operations. The College has also been successful in obtaining increased grant funding, which contributes further to fiscal sustainability.

Summary

The most significant change in the financial structure and condition of the institution has been a steady decline in public support. Lane has responded to that shift in economic reality with new revenues and cost containment. These two efforts are designed to ensure balanced budgets and sustainable commitments and as outlined above have resulted in steady improvement of financial results. Combined with a substantial infusion of capital improvement funding, the overall financial future of the College is bright with the ability to fund growth and continue a path of financial sustainability.

³ Council for Aid to Education, *Voluntary Support of Education Report for FY2008*
http://www.cae.org/content/pdf/Top_Twenty_and_Results_by_State.pdf