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ABSTRACT

A study was conducted by the Community College Program Area at Virginia Polytechnic Institute and State University to measure the effects of declining revenues on open door policies of community colleges. One aspect of the study, conducted in fall 1992, sought to determine what community colleges across the nation were doing to maintain quality services when budgets have been reduced through declining state support. The survey instrument was mailed to 30 institutions, and useful data were obtained from 27, including 18 colleges experiencing budget shortfalls. Study findings included the following: (1) 81.3% of the institutions reported current budget shortfalls; (2) 77.8% reported decreases in state funding, compared to 5.6% reporting state funding increases; (3) 30.8% reported local funding decreases; (4) 23.5% indicated that they had the authority to raise taxes, and 89% had development or advancement offices; (5) all colleges reported overall increases in enrollments, with transfer programs experiencing the largest increases; (6) 88.9% had increased tuition and fees, and 58.8% increased fees related to instruction; (7) salaries and curriculum development were affected by declining revenues; and (8) strategies currently used by colleges to cope with financial problems included forging partnerships with business and industry, increasing grant development and private foundation initiatives, increasing part-time appointments, increasing class sizes, and participating in educational consortia. (MAB)

DECLINING REVENUES AND INCREASING ENROLLMENTS: STRATEGIES FOR COPING

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ABSTRACT

The results of a national survey found declining state support and increasing enrollment common in community colleges. The decline in state funding has prompted institutions to seek more funding from local sources and to increase tuition. Respondents in this study indicated they are attempting to avoid enrollment limitations, but also identify coping strategies which effectively restrict access to students. One might infer from data reported here that continued enrollment growth may be adversely impacted.

This is the second of two articles focused on declining revenues and increasing enrollments in community colleges.

The study reported here was conducted by the Community College Program Area at Virginia Polytechnic Institute and State University (Virginia Tech) in Blacksburg in conjunction with the Virginia Community College System and the National Council of State Directors of Community and Junior Colleges. Three phases using survey methodology occurred since the fall of 1991. The first two phases provided background information and determined the population for the individual institutions examined in the third phase. The third phase sampled individual institutions most severely impacted by state budgetary shortfalls and accompanying enrollment increases. Participants in this phase were selected based on earlier indications in Phase I and II where enrollment limitation strategies were enacted or considered to cope with the impending economic conditions.

Survey phases one and two are briefly reviewed. Phase I of the study, using data supplied by community college state directors, examined funding conditions occurring at the state level in the fall of 1991. Eighty percent of the state directors reported a state budget shortfall, and 75 percent of the state directors also projected a budget shortfall. While financial support was declining, 93 percent of the state directors reported increases in enrollment. Almost all of the state directors reported that the current level of revenue was not sufficient to support enrollment increases.

Phase II, conducted in the spring of 1992, contained two groups of community colleges. One group included a stratified random sample of 10 percent of the institutions in states where the state director reported less revenue and the possibility of limiting enrollment. The other group included a stratified random sample of 10 percent of the institutions in states where the state director indicated less revenue and enrollment increases. The sample included local community, technical, and junior colleges in 24 states. In states having less than 14 community colleges, one community college was randomly selected; consequently, in some states more than 10 percent of the colleges were selected to participate. Despite revenue shortfalls and enrollment increases, only 27 percent of institutions indicated they were limiting enrollments and 15 percent indicated they were considering limiting enrollments. Institutions favored limiting the number of course sections and increasing maximum class capacity in lieu of limiting enrollments.

Given that budgetary shortfalls and increasing enrollments were prevalent, a third phase of the study was conducted in the fall of 1992 to determine what community colleges across the nation were doing to maintain quality services when budgets have been impacted through declining state support. Specific strategies were explored and these are reported along with budget objects that were adjusted to cope with declining fiscal support. The sample population in the third phase included those institutions that responded in the second phase. The sample frame was created by having phase two institutions indicate their willingness to continue in phase three. The survey was mailed to 30 institutions and useful data from 27 institutions are reported. Eighteen institutions which experienced budgetary shortfalls completed the instrument. Nine institutions did not experience budgetary shortfalls. The small sample size represents a limitation to this study and although the data are useful, the results are not generalizable to the total population of community colleges in the nation.

FINDINGS

Data obtained in the third phase are reported. Community college presidents responded to many aspects of their operational budget for FY 92 in comparison to the previous funding cycle. Key indicators are reported in three sections: (a) Funding and Enrollment Status, (b) Budget Objects, and (c) Strategies to Cope.

Funding and Enrollment Status

This section examines funding and enrollment from the perspective of individual institutions. Findings are reported in four sections: (a) Current Funding Situation, (b) Enrollment Increases, (c) Tuition and Fees, and (d) Other Areas Impacted.

Current Funding Situation

In the third phase of the study, 81.3 percent of the institutions reported currently experiencing budget shortfalls. Of those that reported a shortfall, 85.7 percent were projecting budget shortfalls.

State funding decreases were reported by 77.8 percent of the respondents. Only 5.6 percent of institutions reported increases in state funding. In addition to state funding decreases, 30.8 percent of respondents reported local funding decreases. Local funding increased in 30.8 percent of the institutions. Only 23.5 percent of community colleges responding had the authority to raise taxes. Perhaps as a way to compensate for decreases and raise revenues, 89 percent of the respondents reported having development or advancement offices.

Enrollment Increases

Overall increases in enrollments were reported by all institutions. Transfer programs had the largest increases with 77.8 percent of respondents reporting increases. Increases were also observed in remedial/developmental programs with 66.7 percent of respondents reporting increases. Enrollments in non-credit programs increased with 55.6 percent of the respondents reporting increases. Half of the respondents reported enrollment increases in career programs.

Tuition and Fees

Given that decreases in state and local funding sources were prevalent, 88.9 percent of the institutions increased tuition and fees. Fees related to instruction were increased by 58.8 percent of respondents. Other fees, such as parking and athletic, were increased by 47.1 percent of respondents. Student activity fees were increased by 29.4 percent of respondents.

Data obtained in this study show tuition and fee increases as a popular way to deal with revenue shortfalls from outside sources. It is fair to suggest that such increases have the effect of limiting enrollment.

Other Areas Impacted

Respondents provided substantial information on many areas impacted by declining revenues and enrollment increases. Two areas, salaries and curriculum development, both considered to be essential to the operations of community colleges, were effected by declining revenue.

Personnel salaries typically consume about four-fifths of operating budgets. Although this portion of community college budgets is consumed in salaries, faculty salaries declined in 11.1 percent of the institutions that responded while salaries for faculty remained the same in 44.4 percent of the institutions. Faculty salaries increased in another 44.4 percent of institutions. Salaries of instructional support personnel decreased in 50 percent of the institutions that responded. In 33.3 percent of the institutions, instructional support personnel salaries remained the same, while 16.7 percent of the institutions reported increases.

Investments in curriculum development serve as a future-oriented economic indicator. During prosperous economic times, new program development is usually active. Based on survey responses, new program development was eliminated in 11.1 percent of the institutions. It decreased in 27.8 percent of the institutions. Only 22.2 percent reported an increase in new program development. Thirty nine percent of the institutions reported no change.

Budget Objects

This section reports what college functions were impacted due to declining revenue from all tax sources. Institutions were provided a list of typical cost center budget objects and respondents were asked to indicate if funding was eliminated, decreased, remained the same, or increased compared to the previous year's budget. Table 1 provides a list of the items most frequently decreased and the percent of institutions that reported making the cuts.

Table 1

Cost Center Budget Cuts From Institutions Responding to the Survey

Cost Center Object	Percent of Institutions Making Cuts
Institutional and individual memberships	75.0
Admission staff travel	62.5
Instructional supplies and materials	61.1
Intercollegiate sports	60.0
Admission promotional materials	58.8
Faculty development	50.0
Campus maintenance	50.0
Library materials (books, periodicals, media)	33.3
Maintenance contracts for instructional support equipment & mechanical systems	25.0
Tuition reimbursement for faculty and staff	13.3

n=18

Some of funding decreases at the cost center level did not directly impact instruction, such as, memberships, travel, and sports. Other budget cuts such as instructional supplies, faculty development, library materials, and maintenance contracts for instructional equipment were cuts that could directly impact the quality of instruction offered to increasing numbers of students. Not as many institutions made cuts to these budget objects showing a tendency to preserve the instructional mission. Budget cuts in admissions staff travel and admissions promotional material were apparently viewed as legitimate during periods when enrollment increases are prevalent.

In addition to the data provided above, half to two-thirds of institutions responding reported decreasing in-and-out-of-state travel for the president, administrators, and faculty. Two respondents eliminated out-of-state-travel completely.

Strategies to Cope

A comprehensive list of strategies which might be used to meet budget reductions was presented to respondents who were asked to indicate if they "would not consider," "tend not to consider," "tend to consider," or "consider" the strategy. In addition, respondents were asked to indicate if they were currently using the strategy presented on the survey instrument. Listed below are three tables summarizing the most frequent responses grouped in three major categories: (a) strategies currently used by institutions, (b) strategies considered by institutions, and (c) strategies not considered by institutions.

Table two contains strategies institutions are currently using and the percent of institutions that responded to the item.

Table 2

Most Frequent Strategies Currently Used By Institutions To Cope With Budget Shortfalls and Enrollment Increases

Strategies Currently Used	Percent Responding
Forging additional partnerships with business and industry	77.8
Increasing grant development/private foundation initiatives as additional sources of revenue	72.2
Increasing the number of part-time faculty appointments	66.7
Increasing maximum class capacities	61.1
Participating in consortia with other educational providers	52.9

n=18

The comprehensive list of strategies provided to respondents via a survey instrument included items that had the effect of limiting access. Such items included, increasing maximum class capacity, reducing summer school expenditures, eliminating off-campus credit instructional programs, eliminating academic credit programs, eliminating the number of non-credit programs, eliminating continuing education unit credit programs, and restricting enrollments across the college. Only one of these responses, increasing maximum class capacities, appears in Table 2.

For the most part, strategies which directly limited access were not selected by respondents. Given the current funding and enrollment situation, we observed a trend by administrators to preserve the open door philosophy by not directly limiting access.

Table 3 contains the most frequent strategies considered by institutions reporting. Data reported here were collapsed from two categories on the survey instrument. The categories were "tend to consider" and "would consider."

Table 3

Most Frequent Strategies Considered By Institutions To Cope With Budget Shortfalls and Enrollment Increases

Strategies Considered	Percent Responding
Offering more instruction via technological methods	72.2
Eliminating bulk mailings	66.7
Reducing the number of professional staff	66.7
Establishing laboratory facilities in a shared facility	55.5
Reducing faculty release time	52.9
Conducting enrollment management studies to better understand the impact of controlling enrollments	50.0
Deferring all full-time personnel hiring decisions	50.0

n=18

Similar to Table 2, data in Table 3 show that strategies which directly limited access were not considered by respondents. Once again it appears that administrators attempt to preserve the open door philosophy by not directly limiting access.

Table 4 contains strategies which reporting institutions most frequently identified as those they would not consider. Data reported here were collapsed from two categories on the survey instrument. The categories were "tend not to consider" and "would not consider".

Table 4

Most Frequent Strategies Not Considered By Institutions To Cope With Budget Shortfalls and Enrollment Increases

Strategies Not Considered	Percent Responding
Encouraging sabbatical leaves among faculty:	
with full pay	100.0
with fringe benefits only	88.2
with partial pay	82.4
with no pay and fringe benefits	76.5
Implementing mandatory administrator furloughs	94.1
Implementing mandatory faculty furloughs	88.9
Eliminating continuing education (CEU) credit programs	88.2
Selling portions of college-owned real estate as additional sources of revenue	88.2
Increasing the required number of hours worked per week for staff (non-faculty) without a salary increase	76.5

n=18

Specific strategies that have the effect of limiting access were not included as part of the most frequent strategies reported in Table 4. Due to the absence, it could be interpreted that enrollment limitation strategies would be considered. This is not necessarily the case. A more careful examination of the responses to all the strategies ranked according to mean indicates where enrollment limitation strategies fit into the institution's plan to cope with declining revenue and increasing enrollment.

A five-point Likert Scale was used in this portion of the survey. The intervals were: 1 = would not consider, 2 = tend not to consider, 3 = tend to consider, 4 = would consider, and 5 = currently using. Table 5 reports respondent mean responses listed in descending order, from those currently used to those which institutions would not consider. Those strategies viewed as effectively limiting access are listed in bold type. In addition to providing respondent's rank order of strategies, the list provides a rather comprehensive list of strategies for consideration by others experiencing the effects of financial constraints.

Table 5

Rank Ordered Strategies To Cope

Rank	Strategy	Mean
1	Forging additional partnerships with business and industry	4.72
2	Increasing grant development/ private foundation initiatives as additional sources of revenue	4.56
2	**Increasing maximum class capacity**	**4.56**
3	Increasing the number of part-time faculty appointments	4.33
4	Participating in consortia with other educational providers	4.18
5	Eliminating staff positions (non-faculty)	4.10
6	Establishing laboratory instruction in a shared facility	4.05
7	Increasing faculty workloads	3.86
8	Cutting institutional entertainment expenditures	3.82
9	Conducting enrollment management studies to better understand the impact of controlling enrollments	3.78
9	Reducing the number of professional administrative staff	3.78
10	Initiating a campaign to encourage elected officials to increase taxes to support college operations	3.72
11	Deferring all full-time personnel hiring decisions	3.61
11	Assigning teaching responsibilities to administrators	3.61

Rank Ordered Strategies To Cope
(continued)

Rank	Strategy	Mean
12	Offering early retirement incentives to eligible personnel	3.44
13	Reducing faculty release time	3.41
14	Offering more instruction via technological methods	3.39
15	**Reducing summer school expenditures**	**3.38**
16	Reducing the number of hours the library is available for student use	3.24
17	Eliminating bulk mailings	3.22
18	Cutting back library subscriptions	3.17
19	**Eliminating academic credit programs**	**3.10**
20	**Restricting enrollment across the college**	**3.06**
21	Decreasing marketing (public relations)	2.80
22	**Eliminating the number of non-credit programs**	**2.78**
23	Selling advertising space in college publications as an additional source of revenue	2.71
24	Implementing layoffs among student affairs staff	2.56
25	Implementing mandatory staff furloughs	2.30
26	**Eliminating off-campus credit instructional programs**	**2.28**
27	Encouraging sabbatical leaves among faculty	2.12

Rank Ordered Strategies To Cope
(continued)

Rank	Strategy	Mean
28	Increasing the required number of hours worked per week for staff (non-faculty) without a salary increase	2.11
29	Implementing mandatory faculty furloughs	1.83
30	**Eliminating continuing education unit (CEU) credit programs**	**1.82**
31	Implementing mandatory administrator furloughs	1.64
31	Selling portions of college-owned real estate as an additional source of revenue	1.64

Note. Strategies viewed as limiting access are highlighted.

The second highest strategy to cope with budgetary shortfalls and increasing enrollment was to increase maximum class capacity. More severe enrollment limitation strategies such as eliminating academic credit programs, restricting enrollment across the college, and eliminating off-campus credit instructional programs were ranked 19, 20 and 26 respectively. Based on this ranking we believe that administrators selected short-term coping strategies that favored preserving access. It is proffered, however, that the admission criteria may shift to limiting access if the financial conditions are not resolved in the near future.

IMPLICATIONS FOR PRACTICE

Data collected in previous studies revealed that community college leaders preferred to select limitation strategies that did not appear to alter the institution's admission criteria or close the door on open access. Recent data indicate the posture of these same community college leaders remains in favor of preserving access. Budget cuts outside of instruction are those first enacted. However, certain strategies which were highlighted in Table 5, have the effect of limiting enrollment.

Data indicate that declining state revenue has prompted more institutions to seek support from local sources. In addition, tuition and fees increased at approximately 90 percent of institutions.

Increasing maximum class capacity, turning to technological means to offer instruction, and increasing faculty teaching loads are some short-term options used. In a more drastic move, salaries for faculty and non-faculty personnel were effected by budget cuts.

For now, it looks as though institutions will attempt immediate, short-term strategies, hoping that funding through new avenues will offset declining state support. Some of the short term decisions involve partnerships with business and other educational providers as well as increased efforts to secure private donations through grants and contracts. Using shared facilities is another way to stretch current resources.

This study was predicated on the situation that a major shift away from open access was occurring or soon to occur in community colleges. We believed there were realistic limits to just how far the current fiscal allocations could be stretched before making a drastic adjustment to the open door philosophy. In the third phase of the study, there were indications to suggest that the open door may be closing. More specifically, tuition and fee increases reported in this study revealed a condition that we believe should cause concern due to the long term ramifications.

To some degree, tuition and fee increases impact enrollment. The large number of institutions reporting tuition increases is alarming and should not be considered apart from the institution's admission policy. Therefore, we see increasing tuition and fees as the single most critical issue impacting the open door philosophy in community colleges today. These increases, although viewed as covert by administrators, have the effect of limiting access in institutions lauded for their open door admission policies.

Institutions contributing to this study represent about three percent of community colleges. Despite the small sample size, this the first known inquiry into community college cost cutting strategies. The impact of declining state support has far reaching ramifications that were not addressed in this study. The long-term implications of short-term decisions is an area in need of further study. Additional studies of this kind might examine fiscal management policy and the outlook for the future from a broader perspective involving more institutions. While this research continues, the immediate question remains: How long can institutions continue to experience enrollment increases and declining revenue without directly limiting access?

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