9. FINANCIAL RESOURCES

DESCRIPTION

Mohegan, like most other community colleges in the United States, obtains its finances from a number of different sources. Direct support from the State of Connecticut's General Fund provides approximately two-thirds of total college funding and covers the cost of most of the full-time positions at the institution. Revenues from student tuitions are used to cover most of the operating and maintenance expenses of the College and to fund some of the costs of part-time employees, including educational assistants, part-time laborers and student workers. The College also has two self-supporting, enterprise funds - the Auxiliary Services Fund and the Educational Extension Fund. These funds use the revenues obtained from student fees and non-credit tuitions to cover the costs of various student services and programs not otherwise funded by the state budget. Finally, federal, state and private grants and contributions are sought to enhance college programs whenever possible. The Mohegan Community College Foundation raises money for scholarships and projects to improve the College.

The College's control over its finances was improved by legislation passed in 1991 by the General Assembly. The Department of Higher Education no longer mediates between the Legislature and our Board of Trustees on finances. Instead, funds are granted directly to the Board of Trustees, which in turn provides block grants to individual colleges, allowing them to make their own hiring decisions and procurement contracts. The Board will distribute monies to the individual colleges based on:

1) authorized personnel expenses

2) formula budgeting covering the physical plant, library, and O.E. dollars; formula determined by plant size, numbers of staff, numbers of student, and program mix.

In cases where a student was in danger of being unable to graduate because of limited course offerings or cancellations, program leaders have made accommodations for students, typically through independent study or course substitution.

The process for developing the budget and allocating resources is lengthy and involves all segments of the College. Budget, staffing priorities, and recisions are discussed in departments, and reviewed by the Planning and Policy Advisory Committee (PPAC) to insure that budget decisions are in accord with Mohegan's Institutional Plan and mission.

Yearly budgets are allocated to divisions based on current services funding (dollars available for respective program based on previous year's fixed and variable costs). Deans are fund managers, and, within the participative process in President's Cabinet, there is local autonomy to shift dollars among divisions. Deans have authority to shift dollars within their respective divisions; typically, proven need takes priority. All fiscal policies are in writing and held in the Dean of Administration's office, i.e. all internal procedures and Board manual on fiscal matters.

Although the total direction of the State's budget is uncertain at this time, Mohegan is generally in very good financial shape to respond to any eventuality. All funds are solvent with required minimum balances. There is a minor surplus for contingencies. Over the past several years, cost controls have been imposed on all programs and non-cost effective programs have been "weeded out," critical non-quota positions have been moved to quota budget, and recurring programs are now funded out of recurring dollars. Financial reports prescribed by State and BOT are available to the public upon request. At present there is no long-term or short-term indebtedness. The State is self-insured, and Mohegan does insure students for injury/emergency occurring on campus.

Approximately 8% of total revenue is solely in the control of the College. General Fund and Operational Expense monies are all set originally by the State. It is primarily through Auxiliary Services, Extension, Business Services, and grants that the institution has any independent fund-raising capability. Charitable gifts are solicited primarily through the Mohegan Community College Foundation.

An external audit by the State is done every two years and there are periodic audits by the federal government. During the audit, the Dean of Administration is responsible. Once the audit is done, the President reviews the findings and requests the responsible Dean to address any problems raised. All findings also go from the institution to the Board of Trustees for approval. Within six months to a year, the auditors recheck to determine if corrective action was taken. Thus, while we have no internal auditors, there are checks and balances, as the Board, the Comptroller, and the auditors routinely monitor the reports.

APPRAISAL

The late 1980's saw some real growth in the budget, allowing for some additional personnel, new programs, and better plant maintenance and renovation. However, the State's budget problems since 1990 have hurt the College in uncountable ways. Early retirement incentives have cost us the loss of experienced staff and increased the paperwork associated with staff turnover. Hiring freezes have resulted in some positions being vacant for as much as two years. Expansion of our services to the shoreline area has halted. Our custodial staff has shrunk while the backlog of deferred maintenance has grown. Our ability to relieve under-staffed areas, particularly in clerical services, has been curtailed. Course offerings and programs for senior citizens and high school students have been reduced while tuition and fees have increased. Overall class size has grown because we have not been able to offer enough sections and because we have had to cancel sections with small numbers.

The College has tried to make judicious cuts which would allow for orderly restorations. For example, we cut programs, such as

Travel and Tourism, rather than make across the board reductions which would have weakened all programs. Some funds have been restored, and some positions have been refilled, but the College remains understaffed in many areas. Our staffing in 1993 will depend on budget distributions system-wide and the impact of the merger, as there is a possibility of filling positions with qualified staff in duplicative positions.

Few members of the college community actually understand the budget process. Most particularly, PPAC members should have a better orientation on the budget prior to making recommendations.

Planning has been difficult because we lacked institutional research. As a result of the merger with Thames Valley Technical College, this problem will be rectified within the near future. Also, our ability to secure grants is limited, as we must build the administrative overhead into proposals given our present resources.

Given all the difficulties described, Mohegan is nevertheless in a reasonably strong financial position for an institution of its size, and the budget is managed in an open and participatory manner.

PROJECTION

The budget situation is uncertain. We have sustained some cuts, with the potential for additional reductions. While we still have some flexibility remaining within the Extension and Auxiliary Services Fund, our General Fund flexibility is extremely limited. While we may be able to improve qualitatively, we will be unable to improve quantitatively through expansion throughout the duration of the State's fiscal crisis. The reductions will be felt most strongly by entering students, who will find their course selections limited. Thus, accessibility has suffered. Hopefully, the pending merger of the technical and community colleges will provide greater accessibility through more effective use of joint resources.

We currently lack up-to-date automated accounting systems which would allow fund managers to have accessible and current budget figures. The community and technical college system is currently working on implementing a software program which would provide this information. The implementation date has been delayed due to the State's fiscal condition. A target date has yet to be set.

Projections for 1992/93 include the following major objectives which are specified in the College's Institutional Plan:

1) Plan and implement 1992-93 budget including all required reductions. Provide alternatives or appropriate guidance to accommodate all shortfalls.
2) Continue "Savings Plan" vs. Spending Plan mentality. Carefully monitor costs and report "savings" progress. Provide incentives to save vs. spend whenever possible. Get everyone involved.
3) Complete implementation of automated Purchase Order System and make mandatory for all purchases. Fully

implement all P.O. System capabilities and use in conjunction with accounting system.

4) Implement project cost accounting procedures to monitor and control all project grants and other programs with separate funding sources requiring individual tracking.

5) Continue to implement provisions of Flexibility Legislation for Higher Education and provide appropriate controls as needed to support increased authorities granted. Revise fund management procedures and budgets to accommodate block grant funding and possible incorporation of multiple SID's into single fund.

6) Begin a college-wide list of priorities that might be funded by grants and investigate possible funding sources.