Overview of Institutional Financial Management
AACC John E. Roueche Future Leaders Institute

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Presentation Objectives

• Relationship of revenue to broader economy
• Sources of Revenues
• Considerations – Basic Strategic Questions
• The Robust College
• Threats
• Monitoring and Feedback
Earnings by Attainment
Click on a bar to see breakdown of degree attainment by ethnicity and gender

<table>
<thead>
<tr>
<th>Educational Attainment</th>
<th>20 and Older</th>
<th>65 and Older</th>
</tr>
</thead>
<tbody>
<tr>
<td>Doctorate</td>
<td>$76,400</td>
<td>$65,000</td>
</tr>
<tr>
<td>Professional Degree</td>
<td>$48,084</td>
<td>$36,995</td>
</tr>
<tr>
<td>Master's Degree</td>
<td>$46,000</td>
<td>$33,957</td>
</tr>
<tr>
<td>Bachelor's Degree</td>
<td>$27,354</td>
<td>$19,712</td>
</tr>
<tr>
<td>Associate's Degree</td>
<td>$20,766</td>
<td>$14,677</td>
</tr>
<tr>
<td>Some College or Degree</td>
<td>$20,712</td>
<td>$13,387</td>
</tr>
<tr>
<td>High School Graduate</td>
<td>$14,861</td>
<td>$10,851</td>
</tr>
<tr>
<td>Not High School Graduate</td>
<td>$7,130</td>
<td>$5,519</td>
</tr>
</tbody>
</table>

Source: U.S. Census
http://www.aacc.nche.edu/AboutCC/Trends/Pages/publiccommunitycollegenorevenuebysource.aspx
Basic Strategic Questions

• What role does the mission and vision play in budgeting and financial management?

• Do we know what a financially stable and healthy college looks like?

• What defines the threshold between the resource sufficiency to survive and the resource flexibility to thrive?

Basic Strategic Questions

• How can you bolster the CC to enable stability during surprises and risks of an uncertain marketplace and economy?

• What are the essential variables to monitor your CC’s financial health and growth?

• If being “nimble” means having the stability, agility and compass to pursue your strategy to thrive, how should the financial performance be tracked and analyzed?
Basic Strategic Questions

• Is growth always the imperative?

• Can the CC achieve and sustain high performance in a higher education industry that is rife with uncertainty?

Robustness

Features the Appropriate Plan

• Possibilities
• Vulnerabilities and Surprises
• Adaptable
• Insulated
• Secure
• Thrive not survive
Aspects of the Robust College

• **Alert** – to changing circumstances,
  Seeing the need to adjust
• **Agile** – addressing vulnerabilities/opportunities,
  having the speed to adjust
• **Adaptable** – taking new paths to a destination,
  Having the right strategies
• **Aligned** – with a clear purpose,
  So the institution acts as a whole

Vulnerabilities

Economic instability
Changes in student demand
Competition
Leadership
Public commitment
Threats to High Performance Financial Management

Institutional Finances: Spectrum for Offsetting Dysfunctions

<table>
<thead>
<tr>
<th>Ignorance</th>
<th>Inflexibility</th>
<th>Indifference</th>
<th>Inconsistency</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;I don't know&quot;</td>
<td>&quot;I don’t think so&quot;</td>
<td>&quot;I don’t care&quot;</td>
<td>&quot;I don’t remember&quot;</td>
</tr>
</tbody>
</table>

Evaluation & Measuring Results
Participatory Leadership & Open Communications
Incentives, invest in pilot programs
Reduce barriers, strengthen and use data

Recurring Reductions

Comparison of Cade Funding to Student Enrollment
Monitoring and Communicating

The omnicontext – focus on bigger picture with primary and secondary indicators

Primary
- CFI and supporting ratios
- Net Tuition Dependency Ratio

Secondary
- Contribution Ratios
- Demand Ratios
- Enrollment Ratios

Need to be familiar with the dashboard and where to be looking.
Finance Discussion

Based on your readings and experience, what mechanisms have community colleges utilized to improve financial management?

How can college communities better integrate planning, financial management, and assessment?