

2005	Implemented Finance Council in Governance system
	Established full time Internal Control Accountant position
2006	Received GFOA Budget Award for Financial Reporting
	Received GFOA Finance Award for Budget Presentation
2007	Enhanced student success by ensuring available funding for class materials- Fall 2006; students filing a FAFSA may charge purchases in the Bookstore
	Initiated electronic billing with proxy access for family members - expands student payment options and source of financial help-Fall 2006
	Created and employed MS Access database-driven 5 year budget model - enables real-time "what if" modeling of college finances
	Received GFOA Awards for Finance Reporting and Budget Presentation
2008	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
2009	Replenished required amount of Ending Fund Balance
	Received GFOA awards for both financial reporting and budget presentation
2010	LCC Foundation raised "match" for state grant - completes funding for new Health Professions building
	Won bond election in November 2009 authorizing \$83 million in facility improvement bonds
	Received \$8 million in deferred maintenance funds from state
	Upgraded ERP Software
	Received \$8 million dollar appropriation for matching funds to replace downtown center

Figure B.7.1: Key Activities

## 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 has been able to achieve fiscal sustainability despite a general decline in public resources available for operating costs. Fiscal challenge is not unique to Lane; general economic conditions have similarly affected public institutions across the country.

Additionally, as shown in figure B.7.2, this challenge has developed over the past ten years. Relatively static levels of public resources have fallen behind the rising cost of living, and tuition has necessarily increased to bridge the gap. To ensure adequate resources amid dynamic economic change, Lane has been careful to make certain that scarce resources are purposefully matched with strategic priorities, employing 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 strengthens 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.

To further bolster the accuracy of financial reporting 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.

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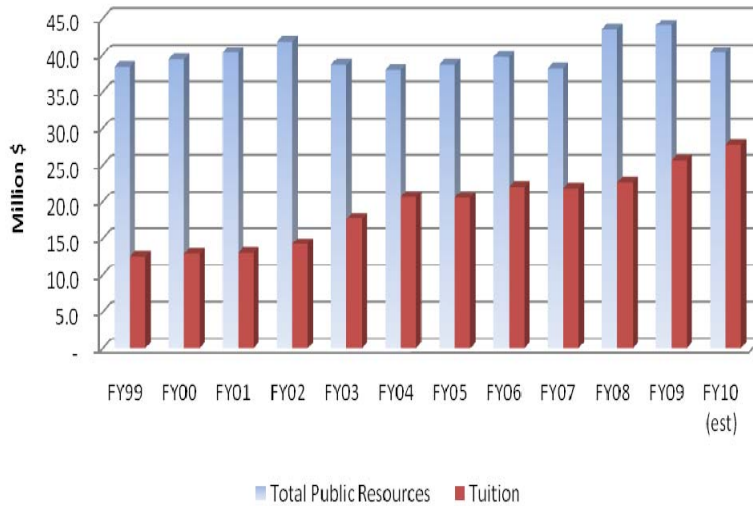


Figure B.7.2: Total Public Resources and Tuition Revenues FY99 – FY10  
(Source: Lane Community College Banner ERP, Summer 2009)

The institution’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<sup>1</sup>, and involves the college governance system to establish strategies and frameworks that address shortfalls and strategic shifts of resources.

Lane has also invested in transparency of financial results to the college community by creating a “dashboard” (figure B.7.3) that provides a quick summary of college financial metrics; the source information is updated with the posting of each payroll.

Lane has also expanded the depth and breadth of its training programs and access to financial data. This increases financial transparency and empowers more users of financial information to better use the budget as a guiding tool, thus improving overall college financial performance. Better informed stakeholders will enable Lane to better connect this long-term analysis to long-term planning and to processes such as labor negotiations, all contributing to improved fiscal sustainability.

**Financial Environment**

Grave concerns remain that state revenue will continue to decline after the state adopts its budget. One recent economic focus has been restoring the ending fund balance to ensure fiscal stability; Lane is now fully compliant with its board policy. While restoration of the fund balance to meet minimum board requirements is very good news, Lane still has no true reserves or the fiscal flexibility it needs.

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

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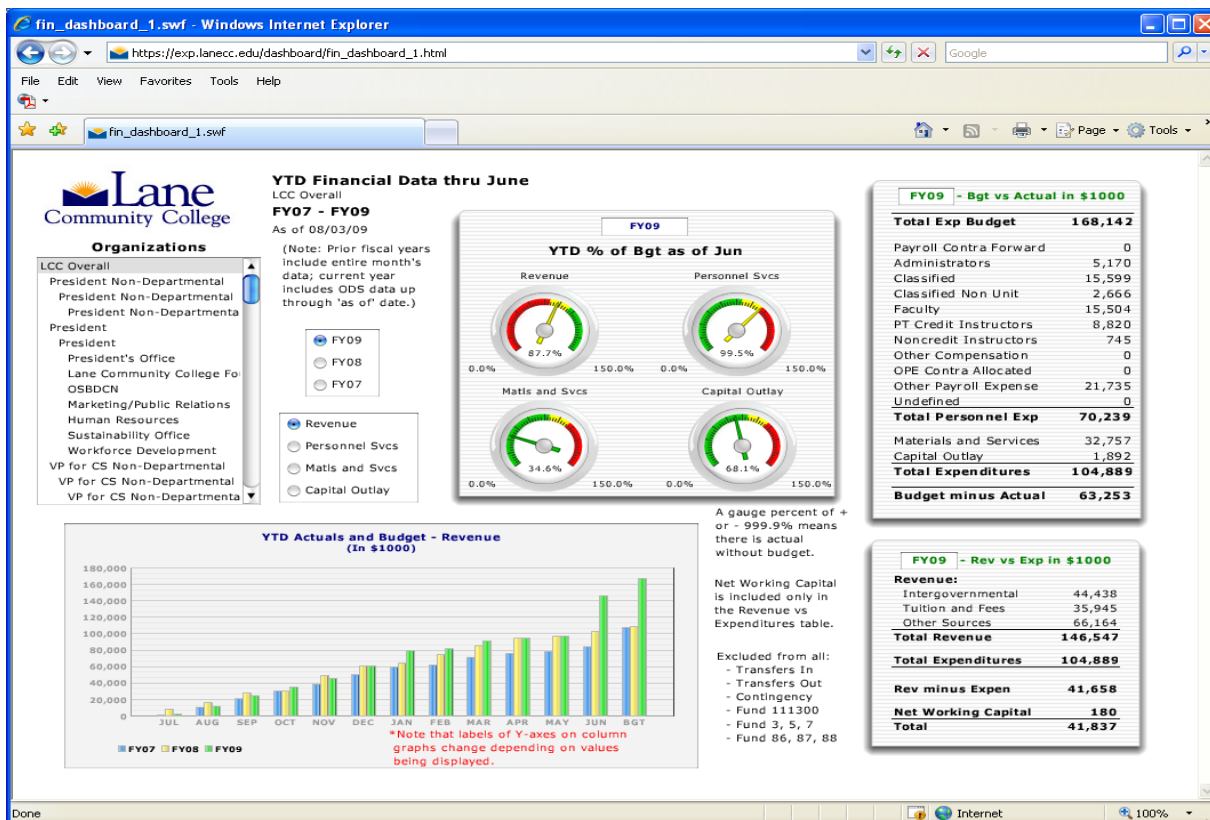


Figure B.7.3: Finance Dashboard

The ending fund balance is not idle cash, being comprised of working capital already allocated and in use throughout the college. Possessing an adequate ending fund balance is vital to cover potential mid-year cuts in public support due to declining tax revenues, to prevent disruptive reductions to programs and services. For example, Lane cannot manage its operating requirements for the last quarter of the biennium using cash flow alone because the legislature now defers the last quarterly payment into the next fiscal year. This necessitates short-term borrowing and places Lane at the mercy of credit markets. Funding the last quarter after the fact is likely a continuing characteristic of state funding for the long term and it would be more prudent for Lane to have the reserves to meet that recurring requirement.

Restoring the ending fund balance is essential to maintain the college's credit rating, a crucial element to keep interest costs to county taxpayers as low as possible (bonding authority approved by voters in the November 2008 election).

### Additional Revenues

Lane has been very successful in fundraising and development in recent years. Although Lane's endowment has suffered from market declines, its annual revenue places it in the top twenty community colleges nationwide<sup>2</sup>. The Lane Foundation's focus has been successful fund

<sup>2</sup> Council for Aid to Education, *the Voluntary Support of Education Slide Show: Peer Group Comparison*, Accessed 08.20.09

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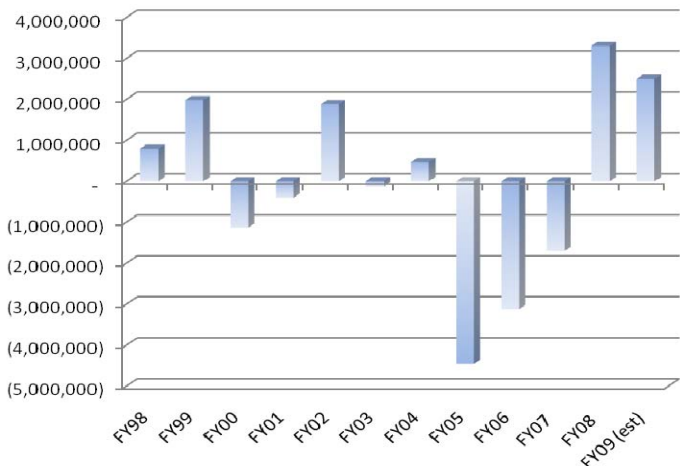


Figure B.7.4: Revenues Over (Under) Expenditures FY98 – FY09

raising for a new health and wellness building, which just broke ground, while simultaneously continuing significant support for student scholarships. Lane retains close connection with its Foundation as all Foundation employees are college employees; the college continues to provide a major portion of salaries and overhead support from the general fund.

Despite a challenging economic environment – see Figure B.7.4, Lane has had tremendous success in improving funding for physical facilities. In November the district

voters authorized \$83 million in bond authority for physical facility improvements and in February the legislature added \$8 million in additional economic stimulus funds for more physical facility improvements and repairs. The legislature further appropriated another \$8 million matching grant to replace the downtown center in the current biennium. These funds are provided in addition to those available for operations. In addition to these resources, the college has been successful in obtaining additional grant funding, working to make internal enterprises self-sustaining.

### 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 the shift in economic reality with new revenues as outlined above, and cost containment that ensure balanced budgets and sustainable commitments. 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.