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LANSING COMMUNITY COLLEGE WORKS TO CLOSE \$9.3 MILLION BUDGET DEFICIT FOR FY 2009-10

LANSING – LCC administrators presented a baseline FY 2009-10 budget to the LCC Board of Trustees at the Board’s regular meeting on May 18. The baseline budget primarily assumes status quo operations adjusted for expected revenue reductions and non-discretionary cost increases. It projects an \$9.3 million deficit for the upcoming fiscal year that begins July 1, 2009.

With Michigan facing the worst economic conditions since the 1930s, revenue sources for the college are not keeping pace with increased costs. “As a result of the current recession, Lansing Community College is facing one of the most difficult economic situations in its history. Just as businesses and families have to cut back on their spending, so must Lansing Community College,” said LCC President Brent Knight.

For FY 2009-10, the baseline budget assumes state appropriations remain the same as FY 2008-09 and a reduction in property tax revenue. The college did not increase tuition for the current fiscal year and does not want to do so next year. While higher enrollment is projected to increase tuition revenue by \$1.3 million, the corresponding costs are expected to offset this incremental revenue.

“The Board and my administration are opposed to raising tuition in such a difficult economy,” said President Knight. “LCC is the people’s college and we must do whatever we can to assure access and opportunity for everyone.”

Increases in non-discretionary costs are due largely to obligations in the College’s collective bargaining agreements that will increase salary expenses by approximately 5.5 percent, a health care rate increase of more than 13 percent, utility and technology cost increases, and additional support for revenue development efforts and worker retraining.

“In 2009, almost all organizations have changing economic circumstances. Lansing Community College is in the midst of adjusting revenue and expenses to correspond with the new economy,” said President Knight.

The Administration’s plan to address the shortfall in the baseline budget, in order of priority, includes:

1. Enhancing revenue where possible, such as increasing returns on investments and improving collections of delinquent tuition.
2. Cutting costs that do not reduce staff positions at the college. These measures include such actions as freezing the pay of senior administrators who are not in the bargaining unit; minimizing through management and control processes the use of overtime and outside contracted temporary help; restricting travel and membership costs; and improving collections of revenue and the return on invested cash. *Below is a list of such measures presented to the Board on May 18, 2009, which in total would provide \$3 million to \$4 million in annual savings when fully implemented. Some of the estimated savings will not be fully realized during FY 2009-10.*
3. Freezing hiring and offering a Voluntary Retirement/Separation Incentive Plan. All current full-time employees with 20 or more years of LCC service are eligible for the program. Eligible employees have until May 22 to apply.
4. After all of these actions have been completed and if necessary, closing the remaining gap by eliminating non-teaching positions through a reduction in force.

Recognizing the severity of the college’s financial challenge, the Board of Trustees approved the following motion this evening:

The Board of Trustees recognizes the pressing need to achieve monetary savings and improve organizational efficiency, and directs President Knight to proceed with such steps as he considers appropriate and necessary to balance the budget. This resolution includes authorization to implement, as a last resort, personnel reductions, beginning with non-teaching personnel at all levels, including the Vice President level. The President is also authorized to proceed with negotiations of one or more separation pay plans for employees affected by involuntary layoffs, subject to the parameters the Board has discussed with the President.”

“Despite a deeply challenging economy, LCC is committed to teaching and training our students---without compromising quality and without raising tuition,” said President Knight.

The Administration will present to the Board of Trustees a final recommended plan for the FY 2010 budget in the coming weeks. The budget must be balanced and approved by the beginning of the next fiscal year, which begins July 1, 2009.

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About Lansing Community College

Lansing Community College is Michigan's third largest community college with more than 32,000 students attending each year. The college has more than 240 degree and certificate programs. LCC offers courses in general education for those interested in transferring to a four-year institution, career and workforce development, developmental education and personal enrichment. To meet the professional development and training needs of regional employees, the college offers customized programs for credit, non-credit and continuing education. The University Center at LCC offers students the opportunity to earn bachelor's and master's degrees from six partner universities on the downtown LCC campus. For more information, visit www.lcc.edu.

Expenditure Reduction Opportunities: Non-Personnel

Submitted by Marble Leadership Partners, Inc.

- Migrate printing/mailing to electronic formats
- Reduce travel and transportation expenses via budget, policy, and better travel services
- Continue detailed analysis of space utilization to reduce facilities cost
- Reduce external publication costs and internal print and copy costs
- Freeze pay increases for non-bargaining unit executives for next two years
- Reduce postage costs
- Refocus Wellness program
- Reduce catering expenses at college events including internal meetings
- Reduce legal expenses through closer monitoring of outside counsel
- Evaluate all property and casualty insurance policies to look for lower costs, including evaluation of deductibles
- Cancel exclusivity agreement for personal computer purchases and rebid for lower costs
- Conduct audit to ensure that dependents claimed on employee insurance are valid
- Reduce number of cell phones issued to staff
- Outsource mail presorting to State of Michigan
- Eliminate select subscriptions to IT information services
- Convert paper-intensive filing processes to electronic scanning
- Eliminate manual collection of insurance premiums for part-time employees
- Clarify and enforce existing policies regarding non-instructional expenditures
- Leverage existing city/state contracts for purchasing services and supplies
- Increase profitability of on-campus dining and vending supplier
- Investigate higher-value alternatives to StarCard
- Improve investment yields on college restricted and on-deposit general funds
- Freeze all open positions and enforce strict analysis for position requests
- Increase employee access and responsibility for personal HR information
- Automate HR workflows and manual processes
- Automate process for employee benefits enrollment
- Rationalize and reduce use of outside contractors and temp agencies via budget and policy
- Rationalize and reduce overtime via budget and policy
- Reduce energy expenses by conducting energy audit sponsored by LCC's Alternative Energy program
- Participate with State of Michigan in regular sales of excess and used assets
- Reevaluate all blanket purchase orders
- Reduce charging limits on P-cards
- Reduce institutional membership, charitable, and civic expenditures
- Reduce marketing and public relations expenditures

- Focus quality efforts on AQIP
- Improve collections of delinquent tuition
- Cancel LCC's membership in country club
- Develop one-stop ability for all student administrative services
- Eliminate contribution to fund Board of Water & Light *Go Green* initiative
- Review grants to confirm full payment and determine opportunities for indirect cost recovery

Note: The range of estimated savings when fully realized is between \$3-\$4 million. However, some of the estimated savings will not be fully realized in FY 2009-10.