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From the mid-1950's to the mid-1970's community colleges experienced rapid growth in numbers, enrollment, and funding. Now that this growth period is over, and public funding has stabilized or decreased, many colleges are turning to alternative funding sources as a means of financing new projects and maintaining services. This short report identifies and reviews five approaches to alternative funding: grants development; revenue diversification; the solicitation of corporate donations; alumni associations; and community college foundations. References for further reading on these topics are provided in a concluding bibliography.

WHAT ADMINISTRATIVE STEPS NEED TO BE TAKEN TO SECURE GRANTS?

Several of the most well-known public and private funding sources continue to be receptive to proposals submitted by community colleges. Such sources include the National Endowment for the Humanities, the Kellogg Foundation, the Ford Foundation, and the Mellon Foundation. In addition, numerous smaller agencies or trusts may be potential funding sources.

As Hellweg (1980) points out, however, college success in grantsmanship requires the establishment of a campus grants office that (1) maintains a library of periodicals and other materials on funding agencies and proposal preparation; (2) develops a campus "fundability profile" that identifies grants for which the college and/or individual instructors may appropriately apply; (3) assists faculty in the proposal development process; and (4) maintains liaison between the college and funding agencies. In addition, Hellweg stresses the need for colleges to develop an internal review process for proposals before they are submitted to funding agencies. Successful grants development, then, requires financial and administrative investment, "but the returns usually make it worthwhile" (Hellweg, p.5).

WHAT IS REVENUE DIVERSIFICATION?

Another approach to alternative funding is revenue diversification. This approach, discussed by Brightman (1982) and Scigliano (1980), involves the college in commercial activities that are undertaken specifically to support educational programs and services. Such for-profit ventures include contract education, catering food to the community, retailing (at the bookstore, for example), leasing facilities, and granting concessions. Colleges seeking to diversify their sources of revenue should (1) take advantage of the physical assets they possess; (2) identify different areas of retail sales on campus (bookstore, photocopy machines, etc.); (3) recruit experts to advise on legal and business matters; (4) engage the help of small business groups; (5) obtain approval of the board of trustees; and (6) establish a committee to oversee the project.

Problems that need to be overcome include perceptions that for-profit ventures by educational institutions are inappropriate, that most of the money will be lost in taxes, and that the college's mission will be diluted. The legitimacy of such ventures is assured as long as they are "consistent with the basic educational mission of the college--either tied to a program interest (technology or business), a function (library), or a need for a service (cafeteria or bookstore)" (Scigliano, p.10). Of course, legal advice should always be sought.

IS SOLICITING CORPORATE SUPPORT A VIABLE ALTERNATIVE

The planned solicitation of corporate funding has become an increasingly important means of offsetting cutbacks in local and state support. Milligan (1982), for example, describes the efforts of Monroe Community College (MCC) in New York to seek financial support from local industries who benefit from the college's vocational programs. MCC's approach to soliciting corporate support has included (1) a high-level administrative commitment to seeking corporate funds; (2) the appointment of individuals with responsibility for soliciting funds; (3) the establishment of a foundation for obtaining and distributing funds; (4) the identification of areas in which college needs coincide with corporate self-interests; and (5) the development of contacts between company executives and board members, the college president, senior administrators, and faculty. Most of MCC's efforts have involved the solicitation of funds for specific purposes, such as special programs, equipment items, training activities or financial aid for students. Milligan notes that while much fund-raising in the past has arisen from spontaneous, unplanned contact with the business world, MCC's program represents a relatively new attempt at planned solicitation of corporate donations.

WHAT ABOUT ALUMNI ASSOCIATIONS?

As community colleges become older, and their graduates more numerous, alumni association are taking on larger roles in institutional support. These organizations, discussed by Kopecek (1980) and by McCracken and others (1980), are valuable sources of alternative funds and can aid the college in developing political support, fostering positive public opinion, recruiting new students, and locating possible donors to the college. The above authors discuss several factors that should be considered when organizing an office of alumni affairs. First, community college students don't often identify with a particular class year. Therefore, it may be necessary to form special interest groups for alumni of individual vocational programs or for alumni who, while students, had participated in college theater, athletics, or student government. Second, each college needs to determine who exactly is an alumnus; one college, for example, defined an alumnus as anyone who has completed four or more courses. Third, the college should assign a staff person to alumni affairs, make funds available, and establish an alumni newsletter. Finally, these efforts should be undertaken with the realization that success depends on the degree to which the alumni organizations serve the interests of their members. While soliciting the support of alumni, for example, colleges should provide former students with opportunities for involvement in campus committees and offer continual service in the areas of placement, lifelong learning, and job retraining.

WHAT IS THE ROLE OF A COMMUNITY COLLEGE FOUNDATION?

Some community colleges have established foundations that promote and facilitate corporate, alumni, and other private funding. Kopecek (1982-83) points out that a foundation "is incorporated under appropriate state law in such a manner as to qualify for federal tax exempt status..." (p.12). Thus, donations to the foundation are tax deductible, while donations to the public college are not. The purpose of the foundation, then, is to provide a mechanism by which the college can expand or improve services beyond the means provided for by public funds. Monies donated to the foundation can go towards special scholarships, sophisticated equipment, day care centers for students' children, and other projects not provided for in the public budget (Kopecek, p.14).

Steps in the development of a foundation are described by Olivanti (1983) in his discussion of the foundation at Michigan's Kalamazoo Valley Community College (KVCC). The college first had its attorney draw up articles of incorporation and bylaws. Subsequent steps included (1) securing tax exempt status for the foundation; (2) securing a charitable solicitation license from the Michigan State Attorney General; (3) putting together information for prospective donors; (4) involving the college board of trustees in selecting foundation board members; and (5) determining a fund-raising strategy. KVCC determined that deferred giving, rather than the solicitation of small cash donations, would be the major emphasis of its fund-raising strategy.

Of course, steps in the development of a foundation will vary from state to state. But the reward can be great. KVCC, for example, has used the funds generated by its foundation to develop community services and continuing education activities. These areas have been particularly hard hit by cuts in public support.

CONCLUSION

Budget cuts have increased the importance of alternative funding. But, as the literature points out, successful fund drives depend on substantial initial investments of both administrative effort and scarce dollars. In recessionary times, administrators are faced with the challenge of justifying the allocation of funds for future, deferred benefits. Ironically, the same fiscal exigencies that make alternative funding programs attractive also make the establishment of such programs more difficult than ever.

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