The Major Functions of Michigan Public Community College Business Offices

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THE MAJOR FUNCTIONS OF MICHIGAN PUBLIC COMMUNITY COLLEGE BUSINESS OFFICES

by

Robert J. Chick

A Dissertation
Submitted to the
Faculty of The Graduate College
in partial fulfillment
of the
Degree of Doctor of Education

Western Michigan University
Kalamazoo, Michigan
August 1974

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PREFACE

This series of video tapes has been produced to convey to the viewer the major functions typically performed by business office personnel in Michigan public community colleges. The series was designed for a primary audience consisting of new faculty members in community colleges.

There are six tapes in the series. The major functions covered on each tape are listed below with the approximate viewing time.

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It is recommended that the tapes be used in the sequence listed. However, it is believed that they may be used in any sequence desired or as single tapes without losing continuity or content.
TAPE 1

INTRODUCTION, LEADERSHIP AND POLICY FORMATION
INFORMATION TO USERS

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This is a community college campus, one of over 1,000 in the United States and one of 29 public community colleges in Michigan.

The public community colleges in Michigan are part of the higher education system of the state. They provide many of the same services found in four year colleges and universities. The primary goal of the community colleges, however, is to provide post-secondary educational opportunities for the citizens of a limited geographic area. Generally, such opportunities are available through a comprehensive curriculum designed to be responsive to the wide range of needs of the people in the college district.

In order to achieve its goal, the instructional programs need support services. Most community college support services are provided by such operating units as the learning resources center, the student personnel office, the general administrative offices and the business office.

This series of six video tapes will be concerned with the major services generally provided by business office personnel in Michigan public community colleges. The information is based on a survey of the presidents and chief business officers of 24 public community colleges in Michigan and compared with articles appearing in publications concerned with college management and administration.

In order to focus on the topic, let us first consider the major functional areas found in the typical business office. These areas are

- budgeting, facility utilization and planning

Aerial view of a community college campus.

Random views of a campus and the exterior of college buildings with a number of people.

Cut in random views of classrooms and laboratories with people.

Hold.

Cut in view of college catalogues representing some of the colleges in the study.

Cut in view of publications.

Cut in with view of narrator.

Cut in with list of functional areas one by one with background view of college
- accounting, auditing and information systems
- personnel administration and collective bargaining
- purchasing, insurance and inventory control
- auxiliary services
- security, transportation and maintenance.

Before we take a closer look at each of these areas we should briefly consider two factors that seem to play a major role in determining the quality of services rendered, namely, leadership and policy formation.

The essential elements of effective leadership appear to be these:
- the ability to work effectively with other people
- the ability to understand concepts related to the goals of the college
- the ability to make decisions
- a knowledge of the technical aspects of the job.

It seems reasonable to expect that people holding responsible positions will provide leadership, incorporating these elements, for peers and subordinates.

In the area of policy formation, business office personnel have a greater impact on college programs than is generally recognized. For example, policies that impose stringent budget controls may seriously impair instructional program development. On the other hand, policies that support instructional objectives may greatly assist instructors and others responsible for developing and implementing new programs.

It is expected that responsible people are able to develop policies and procedures that support instructional programs as well as comply with sound business practices and legal requirements.

Let us now turn our attention to one of the major functional areas for a more detailed look at some of the services provided.
The group of functions that most people associate with the typical business office includes accounting, auditing, payroll, fee collection and information systems. Each of these functions provides support to the educational goals of the institution.

Accounting is a function found in every community college. Its purpose is to record accurately the financial transactions of the college in a manner consistent with generally-accepted standards.

In Michigan, public community colleges are required to follow the guidelines adopted by the State Board of Education in 1967. The guidelines prescribe the structure of accounts and recommend the methods that may be used in accounting for revenues and expenditures.

The State also requires an annual independent audit of all financial records of the college. Therefore, proper documentation of all transactions must be maintained for audit verification.

In addition to maintaining complete and accurate records, accounting personnel usually are called upon to conduct special studies of various kinds, such as determining the cost of operating specific courses, wage and salary studies, determining the cost of fringe benefit proposals and determining the financial impact of collective bargaining, to name only a few.

Another accounting function is related to student activities. Most colleges provide funding for student clubs and athletics and their activities result in financial transactions that require the same accurate and consistent accounting treatment as the general activities of the college.
The typical accounting office will employ at least one person trained in accounting plus a sufficient number of clerical personnel to carry out the various responsibilities of the office.

Closely related to accounting is the internal auditing function. The primary goal of internal auditing is to assure the administration that the procedures designed to account for the economic transactions are adequate and are serving the needs of the college. This, of course, requires periodic audits of each operating unit of the college.

Perhaps the most important service the audit unit can perform is to assist personnel in other operating units in understanding college procedures when improper use of those procedures is found during the audit.

In order to accomplish his tasks, an auditor must be trained in accounting and auditing and must have a thorough understanding of the operation of each unit within the college.

To be most effective, the audit unit should serve in a staff capacity separate from all other units in the college. However, since accounting and auditing are closely related, all but the largest colleges combine the audit function with accounting.

Another function that is closely related to accounting is payroll. The payroll office is, in fact, a part of the accounting office in most colleges.

The primary purpose of the payroll office is, obviously, to see that the proper number of dollars are paid to the proper people at the proper time. Simple as this may sound, a great deal of effort is expended in accomplishing the task. Beginning with the gross amount earned by each employee, payroll personnel must accurately account for all payroll deductions, report and pay the...
amount deducted to the proper agencies, and arrive at the correct amount due each employee. When one considers the number of people employed by most colleges, the demands of the task may be more fully appreciated, even though computers often assist in the process.

Other major services provided by payroll personnel are the maintenance of individual payroll files, the filing of reports with federal and state agencies and the preparation of annual earnings statements for all employees.

The payroll office usually employs one or more persons who have a knowledge of payroll procedures and reporting requirements.

A third function closely related to accounting is the collection of student tuition and fees. Tuition and fees represent about one-quarter of the total revenue of a community college. The number of transactions involved in obtaining that revenue, however, usually requires the assignment of at least one person to the task of assuring that each student enrolled has paid the proper amount in tuition and fees.

The number of students enrolled in the college, the number of student registration periods and the college refund policy all influence the amount of time required to properly process tuition transactions.

Business office employees assigned to the student fee task usually are clerical or para-professional people who have a sound knowledge of accounting and business practices.

The last major function in the group of services discussed here is data processing and information systems.

From a business point of view, the primary purpose of data processing is to assemble, store and report out essential data in the proper form when required.
Community colleges utilizing modern data processing services will typically develop administrative applications to meet specific needs. Some of the applications commonly found on community college campuses are
- student enrollment
- grade reporting and transcript data
- class scheduling
- budget development and reporting
- general accounting
- payroll records
- check writing
- tuition billing.

Obviously, many other applications are possible. In fact, data processing services are limited only by the capacity of the equipment and the ability of people to make use of it.

The value of data processing as perceived today lies in the ability of machines to process large volumes of data at speeds far in excess of human capabilities.

A step beyond single applications of data processing is the integration of data elements into information systems. Properly designed, information systems can make available all of the essential data needed by administrators in the decision-making process.

The development of information systems requires the services of people who are familiar with data processing methods and systems design and who are aware of the needs of the college. Such people usually are employed by the data processing center.

The typical staff of a data processing center includes a director, one or more systems analysts, one or more programmers and clerical staff sufficient in number to meet the demands of other operating units.

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There is little doubt that as the demand for information increases, data processing services and related information systems will play increasingly important roles in the management of community colleges in Michigan.
One of the most important and time consuming functions of the business office is budgeting. Although there are several budgeting methods, budgeting is basically a plan for future financial action. To be specific, budgeting may be viewed as a plan for allocating human and dollar resources to tasks which are designed to assist the college in reaching its objectives.

The State of Michigan recently implemented a program budget evaluation system. All public community colleges are required to develop both short and long-range budgets within the guidelines of that system. As the words indicate, budgeting is on a program basis and must incorporate an evaluation of the results achieved. The results are typically measured in terms of outcomes of each program.

The budgeting process may be viewed as consisting of three distinct phases. These are planning, implementing and correcting. In the planning phase, the process should involve as many people as possible to achieve the input from each area of the college. Implementation involves putting the plan to work. It includes the monitoring of actual performance and analyzing differences between performance and the budget plan. The correcting phase is used to take corrective action when marginal or unsatisfactory performance is revealed. The primary objective of this phase of budgeting is to insure that planned outcomes are achieved.

The view of budgeting presented here assumes that there is a continuous flow of activities throughout the budget cycle. It also emphasized program objectives. Perhaps most important, it attempts to provide a means of evaluating performance against the human and dollar resources.
resources that are committed to specific college objectives.

As noted earlier, budgeting is an important college-wide activity. In order to coordinate budget preparation, some colleges have established a budget office. Most, however, have assigned the responsibility to the chief business officer. He usually will involve people from each operating unit of the college plus a sufficient number of support staff persons to implement the final plan.

In order to provide direction for meeting the challenges of the future, colleges utilize another type of budgeting commonly referred to as long-range planning. The purpose is to develop plans for future instructional programs, buildings and other facilities and to identify the resources needed to implement the plans.

Planning for long-range needs often is as involved as planning for an annual budget. In fact, one usually will find the same kinds of questions being asked relating to objectives, programs and financing. Answers typically are less definite, however, due to the extended period of time covered. Most colleges, for example develop long-range plans for at least five years and the state budgeting system requires a five-year projection for new facilities.

The people involved in developing annual budgets can also be involved in long-range planning. Usually, however, a special long-range planning committee is formed that includes representatives from all operating units of the college. The chief business officer generally serves on the committee as an advisor in financial matters.

Long-range planning, as noted earlier, includes campus planning. Campus planning is concerned with the
orderly development of buildings and land needed to support college programs.

Campus planning can best be accomplished within guidelines set forth in educational specifications. Such specifications are based on needs to meet future educational objectives. Proper specification development requires input from many of the people who will be implementing educational programs, as well as from specialists in facility development. Educational specifications represent to architects and builders the needs of the institution and should include as a minimum the activities the space will be used for, the number of people who will usually be using the space, the kinds of equipment and furnishings that may be needed and any special considerations that may affect the use of the space.

Closely related to budgeting and long-range planning is the matter of facility utilization studies, intended to insure effective and efficient use of existing college facilities. In order to determine whether such use consistently occurs, colleges need to collect, on a regular basis, data that indicate the extent to which space is used and the purposes for which each space is used.

Such studies not only indicate how well existing space is used, but also give an indication of the kinds of space that may be needed in the future. Thus, facilities utilization studies support campus planning activities. It should also be recognized, however, that information gained in such studies can be very useful in developing instructional programs and operating budgets.

Most community colleges assign at least one person to develop and conduct facility utilization studies and that person usually is employed in the business office.
TAPE 4

PERSONNEL ADMINISTRATION, COLLECTIVE BARGAINING AND SALARY AND WAGE DETERMINATION
Community colleges are organized to serve the educational needs of people. In order to accomplish that goal they need to employ faculty, administrators and service staff. As a result some very important services are provided the college in the area typically referred to as personnel administration.

In the majority of Michigan community colleges the personnel officer is responsible for the selection and placement of service staff personnel. Selection includes the recruiting, interviewing and testing of prospective employees. Although the final decision regarding placement is usually a responsibility of each supervisor, the personnel officer will supply the candidates for review and evaluation and act as an advisor regarding final selection.

The personnel office should disseminate all information relating to personnel, including salary schedules, fringe benefit information and handbooks. It should also be responsible for all personnel records including individual accomplishments and disciplinary actions, leave time taken, and the maintenance of group benefit records.

One of the best means of supporting instructional programs is to keep employees informed. Efforts directed toward providing information about the college and its programs and assisting in the development of a sense of pride in the institution should be one of the major activities of the personnel office.

Perhaps one of the most important contributions the personnel officer can make to the college is through the role he can play as counselor and advisor to employees. Counseling should not be limited to college concerns,
however. The personal concerns of employees are equally important. When one considers the importance of the human dignity of the individual, regardless of job status, the interest the personnel officer shows in employees should be seen as resulting in benefits to the college.

Community colleges generally provide at least one person on the professional staff who has been trained in personnel administration. The professional staff member should have one or more service staff members under his supervision who are responsible for the secretarial and clerical duties that are necessary to support the function.

Another area affecting employees in most community colleges is collective bargaining. In July, 1971, Michigan ranked second in the nation in the number of colleges and universities that had collective bargaining units on their campuses. Most of the public community colleges have at least one bargaining unit and in some cases two or more. There is little doubt then that the collective bargaining process is the manner in which the issues of wages, hours and working conditions are resolved for a large number of employees.

Business office personnel are usually involved, either directly or indirectly in collective bargaining. Direct involvement typically means serving as a member of the negotiating team that represents the board of trustees. Indirect involvement includes the gathering and compiling of appropriate information and serving as a member of the back-up team.

In those cases where business office personnel serve on the negotiating team, it is not unusual for the chief business officer or the personnel officer to be the person selected. The chief business officer usually is a valuable resource person due to his knowledge of the
budget and business affairs of the college. The personnel officer often is equally valuable because of his knowledge of the policies that affect the working conditions of bargaining unit members.

The collective bargaining process ultimately terminates in an agreement. Once a contract is arrived at, it requires implementation, and that is essentially an administrative responsibility. Business office personnel are usually involved in implementation at least to the extent that provisions of the contract having a budget impact are complied with.

A final point should be made regarding collective bargaining and that is that effective negotiations in the public sector can seldom be conducted in the same manner as negotiations in the private sector. All settlements achieved at the bargaining table are, without question, public information subject to public scrutiny and approval.

Closely related to both personnel administration and collective bargaining is the function often referred to as salary and wage determination. The need for collecting salary and wage data seems obvious when one considers that over 80 percent of the typical college budget is allocated to salaries, wages and fringe benefits.

Although the personnel office usually is responsible for conducting salary and wage studies, the budget and accounting offices usually provide the data necessary to determine the historical allocations and future resource needs of the college.

With a high percentage of the available limited dollar resources allocated to personnel, it is most important that salaries and wages be equitable and competitive. Inequalities in salaries and wages undoubtedly will be major issues at the bargaining table. Non-competitive salaries and wages may ultimately
result in a deterioration of services as qualified people elect to seek better paying positions elsewhere. In either case, the cost to the college is high.

There is little doubt that college administrators are becoming more aware of the need for on-going salary and wage studies. Requests to business office personnel for salary and wage determination data are on the increase. As resources become more limited, salary and wage studies will undoubtedly be given greater attention by those responsible for directing the economic future of public community colleges in Michigan.
TAPE 5

PURCHASING, INSURANCE AND INVENTORY CONTROL
Purchasing represents one of the major direct support services provided to faculty and staff in community colleges. The primary purposes of purchasing are to insure that faculty and staff have ready access to supplies and equipment without hindering the instructional and service activities of the college, to insure that the economical use of college funds is achieved and to insure that purchasing procedures protect the integrity of the college.

Typical services performed by the purchasing office include:
- establishing bidding and purchasing procedures
- developing specifications for equipment and supplies
- recommending the best sources of supply to faculty and staff
- purchasing equipment and supplies
- maintaining records of purchase requisitions and orders
- maintaining lists of vendors and up-to-date price information
- disposing of surplus and obsolete equipment and supplies through established procedures.

The purchasing office staff usually consists of at least one professional trained in purchasing, plus a sufficient number of clerical personnel to carry out the various responsibilities of the office.

A specialized function closely related to purchasing is that concerned with insurance. The primary purposes are to insure that the college is protected against liability claims and to insure that damage to or loss of college property will be replaced at minimum cost to the college.
The services typically performed by the person responsible for adequate insurance coverage include:

- determining the type and amount of insurance required by the college
- serving as a resource person to those responsible for the protection of life and property on the campus
- developing procedures to reduce hazards to people and to reduce loss of property
- selecting the insurance carrier.

These services usually are provided by a professional person in the business office who has a knowledge of liability and general insurance.

One other service in this group is inventory control.

Inventory control may be divided into two sub-parts, one concerned with expendable supplies and the other with facilities and equipment. The primary purpose for controlling supplies inventories is to ensure that the operations of the college will not be interrupted due to a lack of supplies needed to support programs. The purposes for controlling facilities and equipment are to maintain accurate records of the value of all facilities and equipment for the purpose of replacement in case of loss by fire or theft and to maintain accurate records of equipment received through special gifts and federal grants requiring periodic audits.

The services usually provided by the inventory control function include:

- establishing policies and procedures to account for all supplies, facilities and equipment
- developing guidelines for the replacement of expendable supplies and lost, damaged or obsolete equipment
- performing periodic audits
- preparing lists of obsolete or non-functional...
equipment to be disposed of periodically.

Inventory control services are usually coordinated by a professional person employed in either the purchasing or accounting office and assisted by para-professional and clerical personnel from other offices as needed.
TAPE 6

BOOKSTORE, FOOD SERVICE, SECURITY, TRANSPORTATION AND MAINTENANCE
One of the groups of services that is often taken for granted includes bookstore and food service operations, safety and security, transportation and maintenance. Let us consider each of these in turn.

Most colleges provide some type of bookstore where students may purchase the textbooks and supplies needed in their courses along with many kinds of miscellaneous items.

The bookstore may be operated by college personnel or facilities may be rented or leased to an outside firm. If the college operates the store, the staff usually consists of a manager and a sufficient number of employees to support the size of the store’s operations. Obviously, there are periods at the beginning of each term when additional employees are needed during peak business hours, and these periods often provide an opportunity for students to gain beneficial employment.

The major functions of the store include purchasing, pricing, sale and inventory control of the merchandise offered for sale.

College stores generally sell the same kinds of merchandise sold by private businesses in the community. They are, therefore, in direct competition with those businesses. As a result, any profit made by a college store is usually donated to student organizations or used to offset losses of college auxiliary operations.

Let us now consider the food service operation.

Obviously, the primary function of the food service operation is to provide the best food possible at the most reasonable cost to both students and staff.
The kind of facility found on community college campuses ranges from limited machine vending operations to large cafeterias with seating capacity in the hundreds. Some facilities are open throughout the day while others limit their services to the lunch hour. Still others rely on machine vending to supplement their normal operations.

Food service facilities may be operated by college personnel or services may be provided by an outside firm. If the college provides personnel, the staff usually consists of a manager, cooks and other employees sufficient in number to purchase, prepare and serve nutritious food items.

Regardless of its size or the method of operation, each food service facility must comply with state and local health standards in order to safeguard the health of students, staff and the general public.

Most colleges attempt to maintain a pricing policy that is sufficient only to cover their costs rather than to make a profit.

The next service included in this group is that of security and safety.

The primary purpose of security is the protection of life and property. The extent to which security services are provided on college campuses depends a great deal on the location of the college and the ability of community law enforcement agencies to provide support services to the college. Most colleges, however, provide their own security service by employing a small force of personnel trained in security matters, or by contracting with private firms specializing in security services.

A security force typically concentrates on the protection of life and property in the late evening and throughout the night. During the day, emphasis is
usually placed on traffic and parking control, along with protection of property from theft.

In addition to maintaining security, there is a need to bring to every person in the college community an awareness of sound safety practices, and responsibility for this lies with college safety personnel. Safety practices require a knowledge of procedures associated with the proper use of those facilities and that equipment available to students and staff. Safety also requires being alert to the dangers that may result from carelessness.

Recent passage of federal and state legislation has emphasized the need for safety in employment and most colleges have begun to implement procedures that comply with provisions of the laws. Properly trained college personnel are responsible for assisting the college community in attaining the highest level of safety possible.

Another service to be considered in this group is transportation.

Generally, community colleges do not operate a fleet of buses to transport students to and from campus. However, it is not unusual for colleges to own and operate buses, cars and utility vehicles in support of college programs, such as for class field trips and athletic events.

In addition to providing services with college-owned vehicles, there often is a need for college personnel to use public transportation. In either case, responsibility for making arrangements usually lies with people in the transportation service area.

Large colleges may employ several people in transportation services while the smaller colleges may employ only one person. Regardless of college size, however,
experience has demonstrated that efficiently-operated transportation can be one of the most important services supporting the instructional and student activities programs of the college.

The last of the services to be considered in this group is maintenance of buildings, grounds and equipment.

Included in maintenance are the daily cleaning and upkeep activities usually referred to as custodial services. As with other services, a community college may employ its own custodial staff or it may contract with commercial firms specializing in maintenance and custodial services. Most community colleges in Michigan employ their own maintenance staff.

The primary function of the maintenance staff is to keep all buildings, grounds and equipment in a condition which fully supports the goals of the college. For building maintenance this means that classrooms, laboratories, athletic facilities, offices and support facilities must be cleaned regularly, that painting be done periodically, that broken and worn out parts be replaced as needed and that minor remodeling and rehabilitation of space be made as needed. Grounds maintenance includes the care of lawns, trees, plants, athletic fields, sidewalks, parking lots, roadways and signs. Maintenance chores may include mowing lawns, cleaning sidewalks and roads, painting buildings, parking lots and signs or the removal of litter, ice and snow. Equipment maintenance includes the cleaning of equipment on a routine basis and the replacement of parts as needed.

The maintenance staff usually consists of a director and a sufficient number of custodians and maintenance personnel to accomplish the varied tasks. Most of the routine work is accomplished during the late evening hours while the specialty work and grounds care is done during the day.
The maintenance staff has the responsibility of supporting the goals of the institution through proper care and upkeep of the facilities and equipment. The degree of success a college has in achieving its goals will in large measure depend on the extent to which a maintenance staff fulfills its responsibilities.
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