

South Florida CEO

The Business Magazine of Miami-Dade, Broward & The Palm Beaches
August, 2004

www.southfloridaceo.com



Show me the money.



In days past, a college education meant all-night cram sessions, dorm rooms, campus pranks, and frat-boy hijinks. The typical undergraduate lived, played, and - (gasp!) even attended class - on campus. Fast forward to the new millennium, a time where landing a good job means possessing at least a bachelor's degree, where four years of full-time studying is a luxury and today's student might be juggling children and work instead of football games and sorority pledging.

Today, colleges and universities are marketing their services to a changing clientele. As this clientele evolves, so do the avenues pursued by those schools to bring in revenue.

Traditional streams of income for colleges and universities - tuition, activity fees, endowments and gifts - are still a major part of most schools' budgets. For example, in the University of Miami's

2003 to 2004 fiscal year, the school collected \$70.6 million in gifts and trusts; Florida Atlantic University brought in \$94.1 million in endowments and \$20.7 million in gifts. State schools such as Florida International University and Miami-Dade College receive money from the State of Florida's budget.

But colleges and universities say they need money beyond those traditional sources to expand and compete in today's competitive higher education market. They are increasingly turning to innovative methods to bring in funds.

One of the most lucrative methods of bringing in dollars is what is known as continuing education and long-distance education. Whether they be classes to learn salsa, become a dental hygienist or earn a Masters in Business Administration, during the last 10 years, South Florida universities and colleges rapidly increased their offerings in these areas, opening up much-needed sources of funds for the schools.

Outside of its traditional university curriculum, Miami-based Florida International University offers an array of degrees, certificates, workshops, professional training and personal enrichment courses. The classes take place at FIU's seven South Florida campuses, online and in off-campus classrooms. All are designed to meet the needs of a college consumer who might very well be married with children. Offerings include degrees such as an

Executive Master of Science in Taxation, classes which takes place on Saturdays (except during tax season) and certificates such as an Advanced Management Professional and Project Manager.

"The concept of certificates is becoming much more popular," says Vincent Daniels, director of business development for FIU's Office of Professional Education, part of its College of Business Administration. Demand is being driven largely by employers. For example, he says, "One of the markets here is the banking industry, and at the big banks like Wachovia there is a demand for people with treasury knowledge." To fill that demand, the school just launched a Certified Treasury Professional course - which will be held in downtown Miami, close to the city's banking center.

Both employers and students are willing to pay for these continuing education classes. "I don't mind paying for these classes because it seems like they've tailored these classes, in terms of scheduling and on-line classes, for someone like me who has to work full-time," says Geiselle Leon, a part-time student in FIU's Legal Studies Institute.

Daniels says, "We're a profit center. I have to make a profit or I don't run [the course]."

FIU's continuing education programs brought in \$16.8 million during the 2003 to 2004 fiscal year. That represents 25 percent of the university's total revenue. Contrast that with how much the programs cost the univer-



business of education



Welcoming Environments:

Universities have invested in beautifying their campuses. Areas such as the business school foyer at the University of Miami (above) and the Florida International University Kovens Conference Center (right) help create an atmosphere that executives and students enjoy.



sity: FIU's 2003 to 2004 overall operating budget allocated \$59.5 million, only 12.6 percent of the university's total spending, to the "Auxiliary Enterprises" category under which its continuing education programs fall. The category of "Education and General" takes up 50 percent of FIU's budget, at \$235.2 million. (FIU's total budget has increased almost 300 percent since 1992.)

Other universities, too, are looking to continuing education programs as sources of income. At Boca Raton-based Florida

Atlantic University, weekend and executive programs, both degreed and non-degreed, supplement revenues from traditional students and from the state. "Students or their employers pay a higher tuition rate to graduate in either a shorter period of time or by going to class only on the weekend," says Diane Alperin, FAU's associate provost of academic personnel and programs. Among the most popular offerings, Alperin says, are the executive MBA and weekend bachelor's in business

administration. She says FAU's College of Education is seeing increased demand for its continuing education programs, too, as teachers seek the higher pay scales and administrative jobs that a master's or doctoral degree opens the door to. In January, FAU's College of Engineering began offering an executive Master of Science program on weekends.

"As we look at the engineering firms in our area, most of their employees are starting with bachelor degrees, so they are looking for ways to earn advanced and masters degrees," Alperin says. And the employers are often willing to pay.

Nova Southeastern University, with its main campus in the southwest Broward city of Davie, was an early adopter of distance education, and in recent years has aggressively partnered with businesses to increase its revenues. For example, the H. Wayne Huizenga School of Business and Entrepreneurship used its facilities to conduct training when Millford, Conn.-based Subway Restaurants installed new technologies in its stores. And Nova professors regularly teach profitable customized classes on-site at local

companies such as Fort Lauderdale's BankAtlantic bank and Holy Cross Hospital.

In addition, Nova has tried to reach out into otherwise-untapped South Florida educational markets: its Institute for Learning in Retirement targets retired or semi-retired South Floridians. The International Institute for Franchise Education is a national program offering courses for franchisors, franchisees, and franchise service providers. Workshops and seminars, such as a two-day "Biographical Interviewing"

Colleges and universities say they need money beyond traditional sources to expand and compete.



Creative Partnerships: Nova Southeastern University worked with Broward County to help build its new Library, Research and Information Technology Center.

workshop, billed at \$350 per person, also add to the school's revenue stream.

Miami-Dade College (which this year changed its name from Miami-Dade Community College), a state-supported institution with six campuses, relies primarily on state funds to cover operating costs. But as the school has grown — MDC awards more associate's degrees than any other school in the nation — state funding has not kept up.

Most classes cost between \$40 and \$175, far less than universities charge. MDC is not willing to raise its tuition rates.

"We're serving the masses. By raising tuition, what we are doing is making it impossible to access higher education, which ... today is an absolute necessity," says MDC president Eduardo Padrón. He has worked to streamline the school's operations, and says a recent study showed *

it to be the most efficient educational institution in the State of Florida, and one of the most efficient in the United States.

Nonetheless, squeezed by budget crunches and a growing student body, Padrón has sought alternative funding sources. "We are cultivating our alumni, developing more relationships with persons as well as corporations," he says. "We have been introducing entrepreneurial activities in the college, such as contract training."

Essential to that type of fundraising is positive publicity, something MDC, for instance, gains from the state-funded New World School of the Arts. The magnet school was created by the Florida Legislature in 1984 as a collaborative venture between the University of Florida, Miami Dade College, and Miami-Dade County Public Schools.

MDC also gains positive publicity from the Miami International Film Festival, which it took over this year from former sponsor FIU. At FIU, the festival ran up \$800,000 in debt. This year's festival, held this past February, had a \$1.8 million budget, provided by sponsors such as American Airlines, and grants from Miami-Dade County and the cities of Miami and Miami Beach. MDC, says Padrón, stream-

lined festival operations to make them more cost-efficient. Although the festival did not bring in money for the school, it does boost the school's glamour factor, the artsy equivalent of a winning football team. "You want to have these kinds of events because it paves the way for promotion and other fundraising," says Juan Mendieta,

what attracts students," explains Shayne Moore, a Miami Shores-based educational consultant who offers college acceptance and application counseling to high school students. "A winning team is hot, it is part of the college life and it makes the kids want to be there. Look at the University of Miami — the Hurricanes are exciting."

giving for athletics," says Sergio Gonzalez, vice president for UM Advancement. "It helps folks feel good about the program and where it is going." He says the direct connection between athletic success and donations to other parts of the university is more tenuous. However, it does generate excitement that goes beyond UM

FIU's continuing education programs brought in \$16.8 million in the 2003 to 2004 fiscal year.

MDC's director of communications.

Schools with big-name sports programs can use athletics as another promotional tool. Although most college sports programs do not make money for the schools, they do draw national attention to what might otherwise have been a regional institution.

"It is that publicity that brings in big endowments, more students, and the opportunity to get the school's name out in a splashy, nationwide way — provided, of course, that the teams are winning. That's

As recently as the 1970's, the University of Miami contemplated the dissolution of the school's now-famous athletic program. But times have changed. The Hurricane football team generated more than \$21 million in revenue during the 2002 to 2003 school year, when it made its second consecutive trip to the national championship game. Championship teams also open up wallets for donations.

"The years that we've won championships, we've done well with respect to

alumni and, if nothing else, a trip to college football's national championship game guarantees the university a prime-time television audience during what is arguably the single most-watched college sporting event of the year. And that is the kind of advertising that brings in students, school officials admit. **SE**

Written by Catherine McElrath, with additional reporting by Barbara Perkins and Jaclyn Alcantara.