

Moody's picks BC3 leaders to discuss financial strategies

Oct. 23, 2018

(Buffalo, NY) That Moody's Investor Services invited Dr. Nick Neupauer, president of Butler County Community College, and James Hrabosky, BC3's vice president for administration and finance, to serve as panelists during its presentation at the Eastern Association of College and University Business Officers' 2018 annual meeting "speaks to our strategy," Neupauer said, "and how well we are doing with our finances at the college."

Christopher Collins, assistant vice president and analyst for Moody's, complimented BC3's "ability to turn our finances around," said Hrabosky, who with Neupauer discussed BC3's accomplishments and fielded questions in the Buffalo Niagara Convention Center during a presentation titled "Charting the role of community colleges in the future of higher education."

Because declining enrollments strain government agencies that provide funding, Neupauer said Moody's was impressed that BC3 has financial benchmarks built into its strategic plan and tied into a number of Middle States Commission on Higher Education standards.

"It may be something that folks internally or even externally may take for granted, but when you have a group like Moody's that invites Jim and I to talk about the value of embedding these concepts into the strategic plan, it really provides a great validation from a very important group that what we are doing is cutting-edge."

Moody's Corp., according to its website, provides credit ratings, research, tools and analysis that contribute to transparent and integrated financial markets.

"They serve as an evaluator of organizations' financial positions, and not just those in higher education," Hrabosky said. "They issue credit ratings. They evaluate your financial stability and position. It fits the college when you have a favorable credit rating from Moody's, which translates into a lower interest rate when bonds get sold."

Ability to take on "big" projects impressive

Eastern Association of College and University Business Officers' was founded nearly 100 years ago with the advent of higher education business officers, according to the volunteer-led organization's website, which also states that EACUBO promotes shared expertise and collaboration and the effective implementation of best practices.

Hrabosky was asked about the best practices BC3 has developed during a period of post-recession enrollment declines to ensure students receive a great education, while balancing budgets, and having enough left over for strategic investments.

“We discussed internally, and with our board of trustees, an overall analysis of what our key financial indicators would be going forward,” Hrabosky said. “With the assistance of Moody’s and local banks with which we have relationships, we developed simple yet effective financial ratios by which we would judge our operating performance on an annual basis going forward.”

Those four financial ratios are reflected in BC3’s 2017-2022 strategic plan and represent current ratio, net income ratio, fund balance as a percentage of operating expenses and debt ratio.

Neupauer spoke about the significance of, and his role in emphasizing, BC3’s strategic plan.

“Communicating that over and over again,” he said. “That is a very important part of my role as president. And also having operating dollars in position that tie to our strategic plan, which ultimately helps the strength of our institution financially.”

Moody’s commended BC3’s ability to “take on unique initiatives,” Hrabosky said of obtaining grants and public and private funding for projects that include the \$6.4 million Heaton Family Learning Commons, the \$2.3 million Amy Wise Children’s Creative Learning Center, and renovations to BC3 @ Brockway to house the 2018 debut of a registered nursing program.

Collins “was impressed with our ability to take on big projects that many community colleges do not,” Hrabosky said, “and the way we were able to raise money and how we diversified revenue sources.”

Unique characteristics for community colleges

Former state Rep. Tim Shaffer’s \$1 million gift to BC3 in February created the Shaffer School of Nursing and Allied Health and will aid in the creation of a possible Victor K. Phillips Nursing and Allied Health Building on BC3’s main campus.

Janice Phillips Larrick in September 2017 donated \$1 million to BC3, as did John L. Wise III and family in September 2016 and Robert R. Heaton in July 2014.

BC3’s Pioneer Proud Campaign attracted 900-plus donors and had raised \$6.8 million by the time it ended in June 2016.

National gross domestic product growth, political and geopolitical risks, technology and innovation, climate change and sustainability, and demographics are themes that will shape the future of community colleges within the higher education landscape, Hrabosky said.

While community colleges must adapt to changes within those themes, Hrabosky said, “community colleges will continue to play a key role within the higher education landscape because of unique characteristics.”

Those characteristics, he said, include affordability in relation to four-year public and private universities, general flexibility and breadth of programming not prevalent among four-year peers, alignment to regional workforce needs through corporate partnerships and an ability to serve as a launching point to a four-year option.