

HOW BUSINESS OFFICERS SEE THE WORLD

An Inside Higher Ed webinar
Results of 2013 Survey of College
and University Chief Financial Officers
July 30, 2013
2:30 p.m.

INSIDE
HIGHER ED

Presenters

- **Doug Lederman**, co-editor, *Inside Higher Ed*



- **Jennifer (J.J.) Davis**, Senior Vice President for Administration and Finance, George Mason University

- **Robert Moore**, Vice President for Finance and Administration/Treasurer, Colorado College



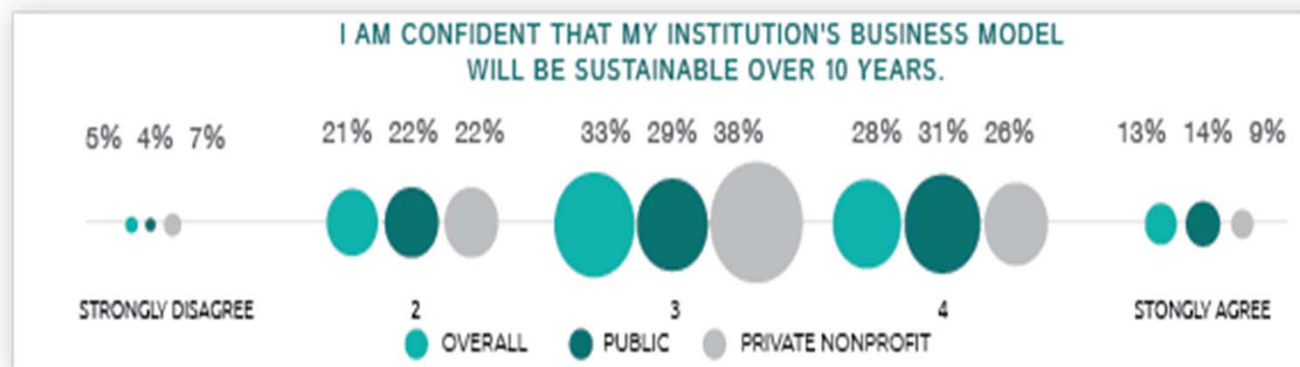
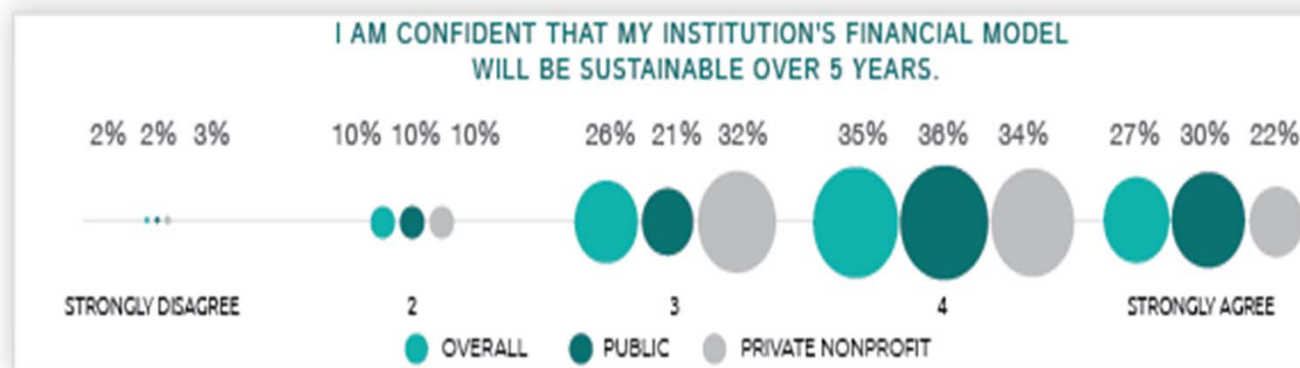
Methodology

- Survey conducted by Gallup in May 2013
- Responses from 457 chief business officers
- Gallup estimates 95 percent confidence level of margin of error of 4.2 percentage points on overall results, with slightly higher margins for subsets of the survey population.
- Responses coded to enable analysis by sector.
- Complete anonymity for individuals and institutions.

Key Findings

- **27%** of business officers express strong confidence in viability of financial model over 5 years; drops to **13%** over 10 years.
- **6 in 10** CFOs disagree with statement that "reports that a significant number of higher education institutions are facing existential financial crisis are overblown."
- **57%** agree that new spending at institution will come from reallocated dollars rather than new revenue.
- Retention, by far, tops list of strategies for increasing revenue in the near future.
- CFOs favor better use of data to evaluate programs and identify solutions - but most admit their colleges do not have the data or culture to make informed decisions.

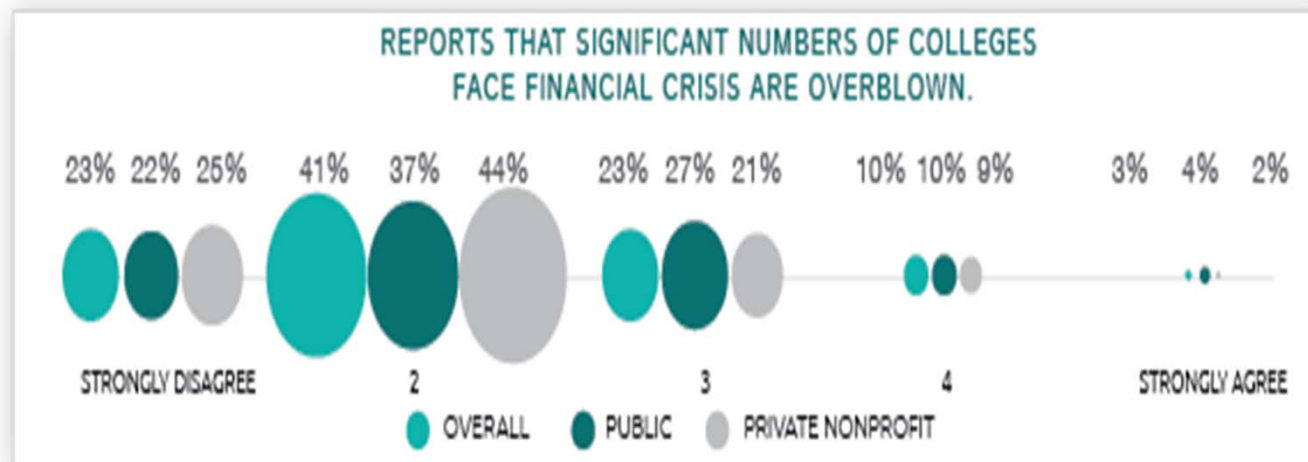
Are We Sustainable?



Confidence in Sector Models

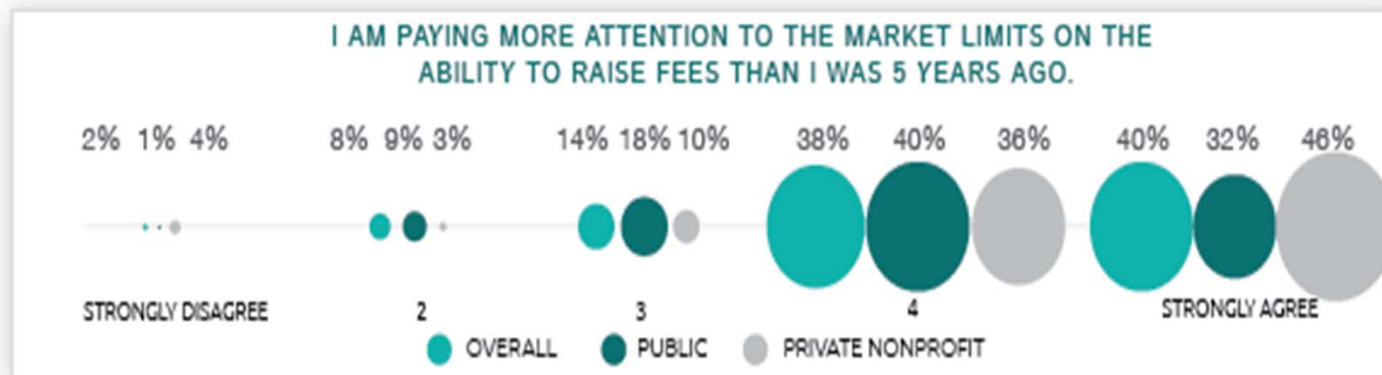
- | Sector | % of CFOs Agreeing/Strongly Agreeing Model Is Sustainable |
|--|---|
| Elite Private Universities
(endowments >\$1 billion) | 84% |
| Private Liberal Arts Colleges
(endowments >\$500 million) | 67% |
| Public flagship universities | 62% |
| Community colleges | 51% |
| Other public universities | 26% |
| For-profit colleges | 21% |
| Non-elite private colleges | 17% |

Does Higher Ed Face a Bubble?



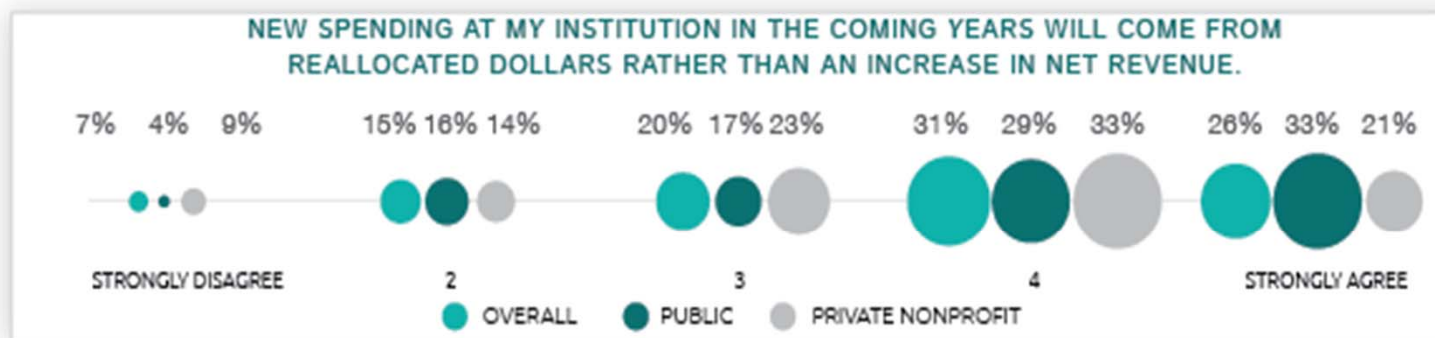
Tuition Elasticity Stetched

- Increasing downward pressure on ability to raise revenue from students



Reallocation Over New Revenue

- Asked about top strategies for increasing revenue, **retention of current students (92%)** is top choice. Next: Increasing endowment (62%), expanding online programs (58%).
- Issues most drawing CFOs' attention compared to 5 years ago: **market limits on raising tuition (40%)** (tied w/health care costs)



Can You Do Data-Driven?

- Recognition that data matters: Asked about importance of strategies to reduce costs, “using technology tools/analytics” for evaluation was No. 1.
- But asked whether they had “data and information ... to make informed decisions” in performance in various realms – of academic programs, administrative units, technology – few said Yes.

Other Highlights

- Growing concern about health care costs (still not much concern about pensions).
- Increased (but still “appropriate”) use of debt.
- Little confidence in faculty understanding of finances or support for budget cuts.
- Little interest in fossil fuel divestment, or in making decisions based on ethical/political issues.

With Thanks to Supporters



Contact

Questions or follow up?

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Download the complete survey at

www.insidehighered.com/news/survey