

THE 2017
INSIDE HIGHER ED
SURVEY OF
COLLEGE AND UNIVERSITY
BUSINESS OFFICERS

A STUDY BY INSIDE HIGHER ED AND GALLUP

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THE 2017 INSIDE HIGHER ED SURVEY OF COLLEGE AND UNIVERSITY BUSINESS OFFICERS

A study by Gallup and *Inside Higher Ed*



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FOREWORD

Inside Higher Ed's seventh annual Survey of College and University Business Officers seeks to understand how these leaders view the financial and other challenges facing higher education institutions in the U.S.

This study addresses the following questions:

- How do chief business officers assess the financial landscape of higher education?
- Are chief business officers confident their institution will be financially sustainable over 5 and 10 years?
- How transparent do chief business officers believe their college is about financial and budget issues?
- To what extent have colleges had serious discussions about merging, or consolidating services, with other institutions? What are the major barriers or impediments that colleges face to merging or consolidating services?
- Have colleges seen a return on investments they have made to increase retention?
- How might higher education policy changes in the Donald Trump administration affect the financial situation of colleges?
- What revenue-generating and cost-saving strategies are institutions implementing this year?
- To what extent do colleges rely on debt to finance operations? How much of their budgets are devoted to debt service?
- Do colleges that rely on endowment income in their annual budget plan to change their payout rate in the next year?

SNAPSHOT OF FINDINGS

- Seventy-one percent of chief business officers believe that media reports portraying higher education as in financial crisis are accurate. The proportion of CBOs holding this view has risen over the past two years.
- A slight majority of CBOs strongly agree or agree their institution will be financially stable over the next five years. Slightly less than half, 48 percent, agree their institution will be sustainable over the next 10 years. Those numbers are down sharply from last year.
- CBOs are most likely to say their college will attempt to increase overall enrollment and launch new revenue-generating programs to compensate for insufficient revenue. Fewer CBOs say their college will attempt to increase overall enrollment to address insufficient revenue (71 percent) than did so in 2016 (87 percent).
- More CBOs this year than in 2016 say their college will reduce administrative positions, promote early retirement for faculty members and administrators, and cut spending for intercollegiate athletic programs.
- One in eight CBOs say senior leaders at their college have held discussions about merging with another college. One in four say high-level discussions about consolidating services with other campuses have taken place.
- Business officers do not believe mergers or consolidations involving their college are very likely to occur. They most often rank faculty opposition, geography and desire to maintain the status quo as significant impediment.
- Nearly 9 in 10 CBOs say their college instituted student retention programs clearly expecting that they would improve the financial sustainability of the college. Three times as many CBOs say their college has seen a return on these investments as say it has not seen a return, but half say it is too soon to tell.
- With President Trump now in office, CBOs expect that certain policy changes could affect their college's finances. The vast majority of CBOs believe that cutbacks in federal student aid would have a major impact on their finances. Public doctoral CBOs are especially likely to think that potential federal policy changes, including those related to research funding, will affect their college's financial situation.
- CBOs generally believe that senior administrators and trustees are aware of and understand the financial challenges their institution faces. They are somewhat skeptical that faculty members have been supportive of efforts to address budgetary challenges.
- Nearly 8 in 10 CBOs rate their institution's transparency in the budget process as excellent (33 percent) or good (45 percent). Most report sharing extensive information about their institution's budget and financial health with trustees, faculty leaders, all faculty and all staff. Fewer share such information with student leaders, all students and alumni.
- Colleges commonly involve the full governing board and faculty leaders in the budget process, but other key constituencies such as student government, staff or alumni are less likely to be involved.
- About half of CBOs say their college has significantly modified its budget model in the last four years.
- About 7 in 10 CBOs describe their institution's current debt level as "appropriate." They also disagree that their institution has underutilized debt as a financing strategy and that debt service has had an impact on tuition or spending at their college.
- One in three CBOs say endowment income contributes meaningfully to their college's annual budget. Most expect the payout rate from the endowment to stay the same over the next year.

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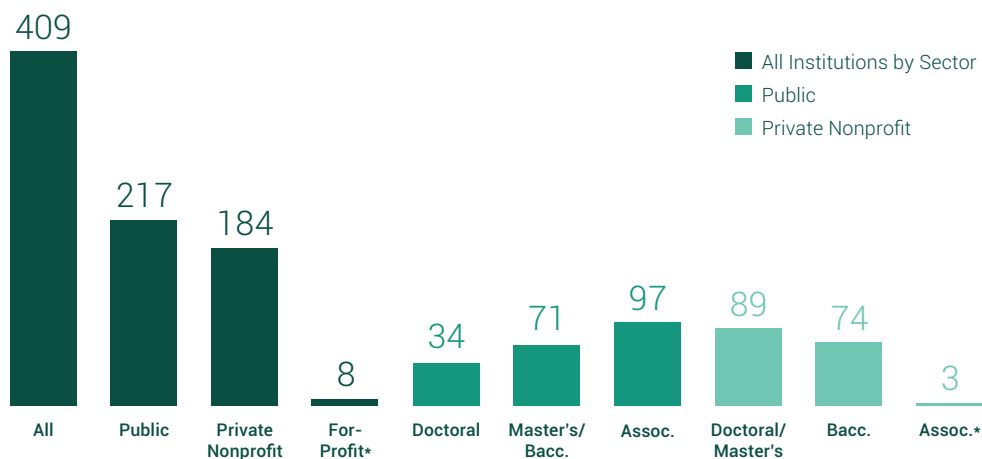
METHODOLOGY

This report presents findings from a quantitative survey research study that Gallup conducted on behalf of *Inside Higher Ed*. The objective of the study was to understand how college and university business officers view the fiscal and budgetary issues facing higher education.

To achieve this objective, Gallup sent invitations via email to 2,801 chief business officers and sent regular reminders throughout the May 2-June 11, 2017, field period. Gallup collected 409 completed or partially completed web surveys, yielding a 15 percent response rate. Respondents were offered an incentive, a chance for one of five \$100 gift cards, for their participation.

Respondents represented 217 public institutions, 184 private institutions and eight institutions from the for-profit sector.

Total Participation by Sector



*Data are not reported for these groups due to small sample size.
Note: System offices and specialized institutions are categorized by sector but not by highest degree offering.

Some sectors do not have data reported due to small sample sizes. Sector groupings are determined based on the 2015 Carnegie Code for the institution.

Gallup education consultants developed the questionnaire in collaboration with Scott Jaschik and Doug Lederman of *Inside Higher Ed*. Bible colleges and seminaries with a Carnegie Code classification of 24 and institutions with enrollments of fewer than 500 students were excluded from the sample. Each institution is represented only once in the results.

The survey was an attempted census of all CBOs using the most comprehensive sample information available. Gallup statistically weighted data to correct for nonresponse, matching the obtained sample to targets for all U.S. colleges and universities from the Integrated Postsecondary Education Data System. Gallup weighted the sample based on institutional control (public or private nonprofit), four-year or two-year degree offerings, student enrollment and geographical region. Therefore, the weighted sample results can be considered representative of the views of chief business officers at colleges nationwide.

The following sections present the findings of the survey. In some cases, reported frequencies may not add up to 100 percent due to rounding. "Don't know" and "Refused" responses are excluded from the results.

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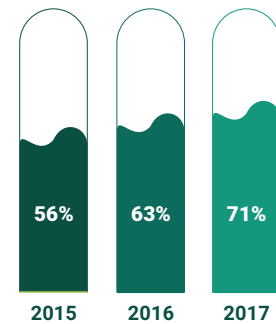
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FINANCIAL LANDSCAPE OF HIGHER EDUCATION

College and university chief business officers increasingly believe media reports asserting that higher education is in the midst of a financial crisis. Seventy-one percent of CBOs say such reports are accurate, up from 63 percent in the 2016 survey and 56 percent in the 2015 survey.

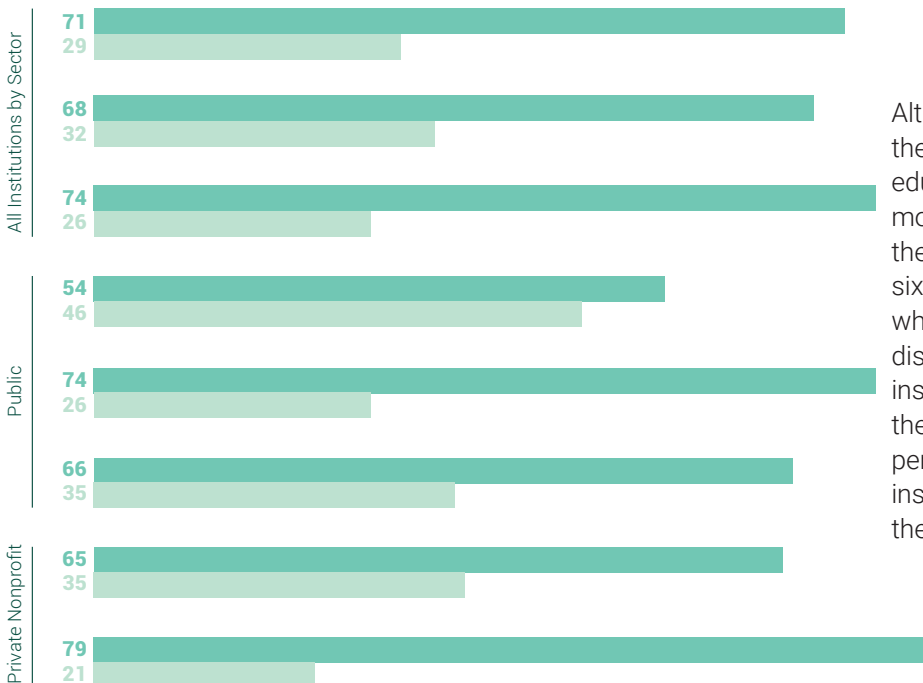
CBOs at public (68 percent) and private nonprofit (74 percent) institutions are about equally likely to believe higher education is in a financial crisis.

Percentage of Chief Business Officers Saying Media Reports That Higher Education Is in the Midst of a Financial Crisis Are Accurate



In your opinion, do media reports suggesting that higher education is in the midst of a financial crisis accurately reflect the general financial landscape of higher education in this country or not?

- %Yes
- %No



Although somewhat pessimistic about the financial landscape for higher education generally, CBOs are much more positive than negative about their own institution's finances. Fifty-six percent strongly agree or agree, while 16 percent strongly disagree or disagree, that they are confident their institution will be financially stable over the next five years. Slightly less, 48 percent, strongly agree or agree their institution will be financially stable over the next 10 years.

FINANCIAL LANDSCAPE OF HIGHER EDUCATION (cont.)

Using a five-point scale, where 5 means strongly agree and 1 means strongly disagree, please indicate your level of agreement with the following statements.								
	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.
I am confident my institution will be financially stable over the next five years.								
%5 Strongly agree	21	25	17	32	19	28	20	21
%4	35	35	34	53	36	34	34	28
%3	28	28	30	15	27	27	34	30
%2	12	9	15	0	11	9	10	20
%1 Strongly disagree	4	3	4	0	8	2	2	1
I am confident my institution will be financially stable over the next 10 years.								
%5 Strongly agree	16	16	16	25	16	16	22	12
%4	32	30	33	43	35	27	28	40
%3	33	38	29	32	25	42	34	23
%2	15	13	17	0	19	13	14	20
%1 Strongly disagree	3	2	4	0	6	2	1	6

The 2017 results represent a less positive assessment than in 2016. A year ago, 64 percent of CBOs strongly agreed or agreed their institution would be financially stable over the next five years, and 54 percent strongly agreed or agreed it would be stable over the next 10 years. But the 2017 respondents are not as pessimistic as they were in 2015, when only 42 percent of business officers said they were confident in their institutions' financial stability over a decade.

CBOs at public doctoral institutions are most likely to express confidence about their college's financial situation over the next 5 and 10 years.

When asked about sources for new spending, CBOs largely indicate new spending will need to come from reallocated dollars rather than an increase in net revenue. Sixty-four percent strongly agree or agree this is the case, while 17 percent strongly disagree or disagree. These opinions are generally similar to what CBOs expressed in the 2015 and 2016 surveys.

Business leaders at public doctoral institutions and private nonprofit doctoral or master's institutions are less likely than those at other institutions to agree that new spending will need to come from reallocating existing dollars.

FINANCIAL LANDSCAPE OF HIGHER EDUCATION (cont.)

Using a five-point scale, where 5 means strongly agree and 1 means strongly disagree, please indicate your level of agreement with the following statements.								
	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.
New spending at my institution in the coming years will come from reallocated dollars rather than an increase in net revenue.								
%5 Strongly agree	28	26	29	8	29	28	26	34
%4	36	43	30	34	44	44	28	35
%3	20	20	19	42	15	19	19	14
%2	13	8	18	16	11	6	20	18
%1 Strongly disagree	4	2	5	0	2	3	6	0

Underscoring the complex financial challenges many colleges face, just 27 percent of CBOs strongly agree or agree that their institution can make additional and significant spending cuts without affecting quality. Nearly twice as many CBOs, 52 percent, strongly disagree or disagree this can be done.

Business officers generally believe that most key constituencies at their college understand the financial challenges their institution faces, and are supportive of their attempts to address them. Eighty-five percent of CBOs strongly agree or agree that senior administrators are aware of and understand the financial challenges confronting their institution. Seventy-seven percent strongly agree or agree that trustees understand of these challenges.

Nearly two-thirds of CBOs – 62 percent – strongly agree or agree their college’s chief academic officer has been a productive partner in their efforts to create a financially sustainable business model.

FINANCIAL LANDSCAPE OF HIGHER EDUCATION (cont.)

CBOs are less positive in their assessment of faculty members’ reactions to the budgetary challenges their colleges face – 36 percent strongly agree or agree, and 29 percent strongly disagree or disagree, that faculty members have been supportive of efforts to address budget problems at their institution.

Technology is one area in which CBOs believe their institutions have achieved some financial efficiencies. Fifty-one percent strongly agree or agree their institution makes efficient use of technology resources and services; 23 percent strongly disagree or disagree.

Tuition discount rates and sustainability efforts are two specific areas that may be not be helping alleviate colleges’ financial difficulties. CBOs divide about equally between agreement and disagreement as to whether their institution’s current tuition discount rate is unsustainable and whether sustainability efforts have provided significant financial benefits. Nearly half of private college CBOs, 49 percent, strongly agree or agree their tuition discount rate is unsustainable; 26 percent strongly disagree or disagree.

Using a five-point scale, where 5 means strongly agree and 1 means strongly disagree, please indicate your level of agreement with the following statements.								
	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master’s/ Bacc.	Assoc.	Doctoral/ Master’s	Bacc.
Senior administrators are aware of and understand the financial challenges confronting my institution.								
%5 Strongly agree	59	54	64	57	53	56	65	65
%4	26	28	23	36	35	25	21	21
%3	9	10	8	0	8	10	6	12
%2	5	6	4	7	3	8	5	1
%1 Strongly disagree	1	1	1	0	1	1	2	1
Trustees are aware of and understand the financial challenges confronting my institution.								
%5 Strongly agree	44	39	49	26	36	43	49	58
%4	33	32	35	46	34	28	35	30
%3	13	16	10	14	17	17	11	10
%2	8	10	5	14	7	9	4	1
%1 Strongly disagree	2	3	1	0	6	3	1	1
My institution’s chief academic officer is a productive partner in efforts to create a financially sustainable business model.								
%5 Strongly agree	34	34	33	51	42	31	39	35
%4	28	25	31	20	19	28	30	32
%3	19	21	16	19	24	20	14	14
%2	11	12	10	7	8	14	12	8
%1 Strongly disagree	9	7	10	3	6	7	4	11

FINANCIAL LANDSCAPE OF HIGHER EDUCATION (cont.)

	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.
My institution makes efficient use of technology resources and services.								
%5 Strongly agree	11	15	8	13	7	20	7	4
%4	40	33	46	45	25	36	40	54
%3	26	26	24	4	37	23	32	18
%2	19	21	18	32	28	15	17	18
%1 Strongly disagree	4	5	4	6	3	6	3	5
Our current tuition discount rate is unsustainable.								
%5 Strongly agree	21	9	29	0	18	9	18	37
%4	17	14	20	4	13	14	26	22
%3	27	30	25	24	33	33	25	29
%2	24	31	19	43	31	31	27	10
%1 Strongly disagree	11	16	7	29	6	13	4	3
Faculty members have been supportive of efforts to address the budget problems confronting my institution.								
%5 Strongly agree	7	6	8	3	4	8	11	6
%4	29	28	30	40	30	28	35	29
%3	35	27	43	31	25	30	25	55
%2	19	24	13	26	23	19	23	6
%1 Strongly disagree	10	15	7	0	19	15	6	5
Sustainability efforts at colleges and universities have provided significant financial benefits.								
%5 Strongly agree	8	9	7	8	11	9	5	11
%4	23	29	18	32	26	30	20	11
%3	38	32	43	29	28	35	40	48
%2	23	22	24	27	25	20	28	20
%1 Strongly disagree	7	7	8	3	9	6	7	10
My institution can make additional and significant spending cuts without hurting quality.								
%5 Strongly agree	7	7	7	3	6	9	10	7
%4	20	19	20	18	21	17	23	17
%3	21	28	14	36	11	35	20	14
%2	35	28	42	25	41	24	33	42
%1 Strongly disagree	17	18	17	18	22	15	15	20



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TRANSPARENCY AND THE BUDGET PROCESS

CBOs view transparency in campus decision-making as a way to ensure their institution makes better financial decisions. Fifty-seven percent strongly agree or agree greater transparency will lead to better financial decisions.

	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.
Greater transparency in campus decision-making will result in better financial decisions.								
%5 Strongly agree	22	23	21	12	26	22	22	23
%4	35	32	38	52	17	35	31	35
%3	26	26	27	14	38	23	31	25
%2	11	13	8	22	13	12	12	8
%1 Strongly disagree	6	5	6	0	5	7	4	9

Most CBOs rate their institution's own transparency in the budget process positively – 33 percent say it is “excellent” and 45 percent “good.” Public and private nonprofit institutions' business officers rate their budget transparency similarly. CBOs at public doctoral universities are somewhat less likely than CBOs at other types of colleges to rate their institutions' transparency as excellent.

	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.
How would you rate your institution's transparency in the budget process?								
% Excellent	33	34	32	11	37	39	29	34
% Good	45	48	43	72	45	45	49	42
% Only fair	18	15	22	18	9	15	21	19
% Poor	3	3	4	0	9	1	1	5

Many key campus constituencies receive extensive information about their college's budget and financial health, according to chief business officers. Majorities say such information is shared with the college's full governing board (97 percent), faculty leaders (92 percent), the entire faculty (70 percent) and the entire staff (70 percent).

Slightly less than half of CBOs say their college shares information about its finances with the student government (48 percent) or makes the information public online (45 percent). Public college CBOs are much more likely than private college CBOs to share information with student government or make it available for anyone to see online. In fact, 72 percent of public college CBOs say their budget and financial information is available online, compared with 19 percent of private college CBOs.

Only about one in four CBOs say their college shares information about its finances with all students and with alumni. Public college CBOs are more likely to share such information with these two groups.

TRANSPARENCY AND THE BUDGET PROCESS (cont.)

Next, we'd like to ask whether the information about your institution's financial health is shared. Is extensive information about your institution's budget and financial health shared with the following audiences?								
	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.
Your institution's full governing board								
% Yes	97	95	99	96	87	97	98	100
% No	3	5	1	4	13	3	2	0
Faculty leaders								
% Yes	92	93	91	96	92	93	86	91
% No	8	7	9	4	8	7	14	9
The entire faculty								
% Yes	70	75	66	48	69	85	61	70
% No	30	25	34	52	31	15	39	30
The entire staff								
% Yes	70	74	66	54	67	84	60	66
% No	30	26	34	46	33	16	40	34
The student government								
% Yes	48	62	35	61	72	57	40	31
% No	52	38	65	39	28	43	60	69
Made public online								
% Yes	45	72	19	79	61	72	20	7
% No	55	28	81	21	39	28	80	93
Alumni								
% Yes	25	33	18	40	37	31	19	20
% No	75	67	82	60	63	69	81	80
All students								
% Yes	24	35	12	34	31	35	14	16
% No	76	65	88	66	69	65	86	84

Some colleges go beyond sharing information with key constituencies by involving them in the budget-making process. Faculty leaders and full governing boards are two constituencies especially likely to be involved in developing college budget proposals, according to CBOs. Eighty-six percent say their college involves faculty leaders in developing budget proposals, and 80 percent involve the full governing board.

TRANSPARENCY AND THE BUDGET PROCESS (cont.)

Other campus groups are much less likely to have a formal role in the budget proposal process. One in three CBOs say their college involves student government in the budget process. Thirty-one percent of CBOs report their college allows the entire staff's input in developing budget proposals, and 25 percent say it allows the entire faculty the same opportunity. Public institutions are more likely than private colleges to involve these two constituencies in the budget process.

Relatively few colleges involve all students or alumni in the budget process. Just 7 percent of CBOs say students have a role, and 2 percent say alumni do.

At least 6 in 10 CBOs at public four-year institutions say student government is involved in developing budget proposals.

Does your institution involve the following constituencies in developing its budget proposals?								
	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.
Faculty leaders								
% Yes	86	86	85	92	87	85	80	90
% No	14	14	15	8	13	15	20	10
Your institution's full governing board								
% Yes	80	76	84	74	63	81	73	87
% No	20	24	16	26	37	19	27	13
The student government								
% Yes	33	46	21	69	60	36	21	24
% No	67	54	79	31	40	64	79	76
The entire staff								
% Yes	31	41	23	21	44	47	20	24
% No	69	59	77	79	56	53	80	76
The entire faculty								
% Yes	25	33	18	18	28	40	13	23
% No	75	67	82	82	72	60	87	77
All students								
% Yes	7	11	3	8	18	8	1	3
% No	93	89	97	92	82	92	99	97
Alumni								
% Yes	2	2	2	4	5	1	3	2
% No	98	98	98	96	95	99	97	98

TRANSPARENCY AND THE BUDGET PROCESS (cont.)

Probing further into faculty involvement in the budget process, 45 percent of respondents say that faculty members play a meaningful role in college-wide budget decisions. This includes 53 percent of CBOs at public colleges and 38 percent of those at private colleges.

Meaningful faculty involvement in the budget decision-making process appears to be a growing trend. Whereas 45 percent of CBOs say faculty currently participate in budget decisions, a smaller proportion, 28 percent, say faculty members have had meaningful participation in the process at their institution in the past.

Regardless of how much of a role faculty members play in the process, their approval is often required for new revenue-producing strategies at many institutions. Fifty-six percent of CBOs say faculty approval is required at their college, including 67 percent of those at private nonprofit institutions.

	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.
At your college, do faculty members play a meaningful role in college-wide budget decisions?								
% Yes	45	53	38	53	60	48	42	46
% No	55	47	62	47	40	52	58	54
Based on what you know or have heard about the past, have faculty members at your college played a meaningful role in college-wide budget decisions in the past?								
% Yes	28	35	22	36	37	29	25	28
% No	72	65	78	64	63	71	75	72
At your college, is faculty approval required for new revenue-producing strategies, such as online or certificate programs?								
% Yes	56	45	67	53	65	40	76	67
% No	44	55	33	47	35	60	24	33

Asked about the appropriate role of faculty members in budget discussions, the majority of CBOs, 56 percent, strongly agree or agree faculty members should play a meaningful role in college-wide budget discussions.

But a smaller percentage – 40 percent – strongly agree or agree that faculty members provide valuable insights when they do participate in such discussions. That may be because CBOs are somewhat skeptical that faculty members have a clear understanding of the financial issues facing their college – 32 percent strongly agree or agree faculty members do, while 36 percent strongly disagree or disagree.

Nevertheless, CBOs are more inclined than not to think faculty members should be required to approve new revenue-producing strategies, such as online or certificate programs – 42 percent strongly agree or agree while 28 percent strongly disagree or disagree faculty should have that role.

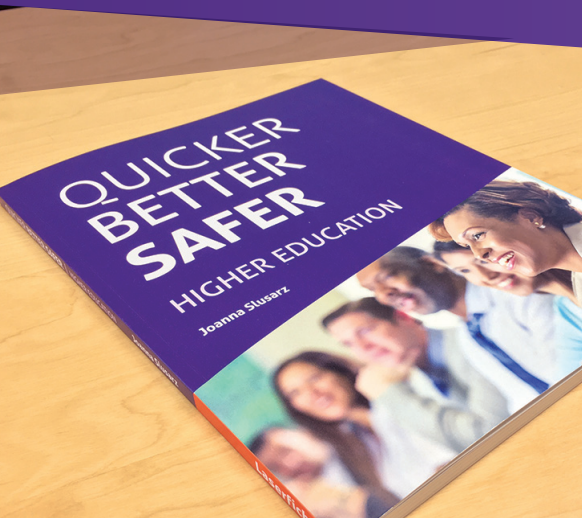
TRANSPARENCY AND THE BUDGET PROCESS (cont.)

	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.
Faculty members should play a meaningful role in college-wide budget discussions.								
%5 Strongly agree	17	16	19	3	17	19	13	20
%4	39	42	37	50	43	42	37	43
%3	28	28	28	36	26	23	26	22
%2	11	10	12	10	13	10	20	11
%1 Strongly disagree	4	4	4	0	1	6	5	4
Faculty approval should be required when colleges consider new revenue-producing strategies, such as online or certificate programs.								
%5 Strongly agree	15	9	20	14	12	7	23	17
%4	27	32	23	34	27	35	24	17
%3	30	28	32	18	36	24	24	42
%2	16	16	16	27	17	14	21	13
%1 Strongly disagree	12	16	8	7	7	20	8	11
Faculty members provide valuable insights when they participate in college-wide budget discussions.								
%5 Strongly agree	9	8	9	4	13	7	11	8
%4	31	35	27	56	32	31	23	32
%3	37	33	41	22	39	33	45	37
%2	17	15	19	11	12	16	17	20
%1 Strongly disagree	7	9	4	8	5	13	4	3
Faculty members understand the financial challenges my institution faces when they participate in college-wide budget discussions.								
%5 Strongly agree	5	4	6	0	5	5	6	6
%4	27	22	32	26	21	19	27	35
%3	32	34	30	39	34	34	26	31
%2	26	29	24	32	21	30	34	21
%1 Strongly disagree	10	12	8	3	18	12	7	7



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CHANGING THE BUDGET MODEL

About half of CBOs, 47 percent, say their institution has significantly changed the budget model it uses in the past four years. Such changes have been more common at private institutions, especially private baccalaureate colleges.

One-third of CBOs who have not significantly changed their budget model say their institution plans to do so in the near future.

	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.
Has your institution significantly changed its budget model in the past four years?								
% Yes	47	41	52	49	37	41	45	57
% No	53	59	48	51	63	59	55	43
Does your institution plan to significantly change its budget model in the near future?*								
% Yes	33	36	29	n/a	43	28	18	n/a
% No	67	64	71	n/a	57	72	82	n/a

* Asked of CBOs who say their institution has not significantly changed its budget model in the past four years.
n/a: Results not reported due to small sample sizes.

Among various budget models that colleges might use, CBOs are most likely to say their institution employs an incremental model – using the current budget as the starting point for the new budget. Forty-nine percent say their institution uses an incremental approach, including roughly two-thirds of those at public master’s or baccalaureate institutions.

Thirty-six percent of CBOs say their college uses a zero-based budget model – in which new budgets are developed from scratch, with each unit needing to request and justify its spending allocations each year. CBOs at public associate degree colleges or private baccalaureate colleges are most likely to indicate their college uses a zero-based budgeting model.

One-third of CBOs use a responsibility-centered budget model, a decentralized approach in which individual units on campus receive and manage their own revenues. Two less common budget approaches are formula and performance, used by 24 percent and 19 percent of CBOs, respectively

Which of the following budget models does your institution use? Please select all that apply.								
	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.
% Incremental	49	52	46	n/a	65	41	54	48
% Zero-based	36	32	40	n/a	23	42	31	41
% Responsibility-centered	32	28	35	n/a	27	26	36	37
% Formula	24	28	19	n/a	28	23	14	31
% Performance	19	22	16	n/a	14	21	13	15
% None of these	5	2	8	n/a	3	3	4	9

n/a: Results not reported due to small sample sizes

MERGERS AND CONSOLIDATIONS

The challenging financial situation for higher education has led colleges to consider merging with other institutions. Some colleges are not considering a full merger, but rather, consolidating services with other colleges to achieve cost savings. Such discussions are taking place on some campuses but do not appear to be widespread, according to the reports of college and university CBOs.

Over all, 12 percent of CBOs say serious discussions have taken place among senior administrators at their college about merging with other institutions. Those discussions appear to be slightly more common at private (15 percent) than at public (9 percent) colleges, particularly at private institutions that offer graduate degrees (21 percent).

More colleges appear to be having serious discussions about consolidating programs and operations – 24 percent of CBOs say senior administrators have held such discussions at their institution. Business officers at community colleges and public master’s or baccalaureate colleges are most likely to say their institutions are seriously considering consolidating services with other campuses.

At this point, CBOs do not believe that mergers or consolidations are likely to occur in the short term. Just 2 percent say it is “very likely” their college will merge with another college or university in the next three years. Another 7 percent say it is “somewhat likely,” while 69 percent say it is “not likely at all.”

Fewer than 1 in 10 CBOs also say it is very likely their college will share back-office administrative functions or combine academic offerings with another college in the next three years, but about one in four say each of those moves is somewhat likely to happen in that time frame.

Recently there has been an increase in the number of colleges and universities merging, consolidating some of their programs or operations with other campuses, or considering doing so.								
	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master’s/ Bacc.	Assoc.	Doctoral/ Master’s	Bacc.
Have senior administrators at your college had serious internal discussions in the last year about merging with another college or university?								
% Yes	12	9	15	15	7	10	21	5
% No	88	91	85	85	93	90	79	95
Have senior administrators at your college had serious internal discussions in the last year about consolidating some of its programs or operations with another college or university?								
% Yes	24	27	22	11	29	29	20	21
% No	76	73	78	89	71	71	80	79
How likely is your institution to merge with another college or university in the next three years?								
% Very likely	2	4	<1	0	2	5	1	0
% Somewhat likely	7	7	6	3	12	7	4	4
% Not too likely	22	16	28	18	19	15	36	24
% Not likely at all	69	73	65	79	68	72	59	73

MERGERS AND CONSOLIDATIONS (cont.)

	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.
How likely is your institution to share back-office administrative functions with another college or university in the next three years?								
% Very likely	9	12	7	10	16	12	6	6
% Somewhat likely	25	26	25	30	21	26	26	22
% Not too likely	32	30	34	34	35	24	41	33
% Not likely at all	34	33	34	26	28	38	26	38
How likely is your institution to combine academic programs with those of another college or university in the next three years?								
% Very likely	4	5	4	7	3	6	6	3
% Somewhat likely	29	31	27	10	31	35	30	28
% Not too likely	30	29	30	28	33	31	38	22
% Not likely at all	37	35	39	55	33	28	27	47

Even among CBOs who say their college’s senior officials have discussed a merger, fewer than one in five say it is very likely their college will merge in the next three years, but close to half say a merger is at least somewhat likely. CBOs at colleges that have had high-level discussions about consolidating services also do not expect that such moves are very likely to occur in the next three years, but over half believe it is at least somewhat likely to happen.

When CBOs at all colleges were asked whether their college should merge or consolidate functions, they largely oppose a full merger, but a majority support some sharing of functions with other colleges. Sixteen percent of CBOs say their institution should merge with another college or university in the next three years. Meanwhile, 54 percent say their college should share back-office administrative functions, and 58 percent say it should combine academic offerings with those of another institution.

MERGERS AND CONSOLIDATIONS (cont.)

	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.
Do you think your institution should or should not merge with another college or university in the next three years?								
% Should	16	13	17	8	16	15	19	12
% Should not	84	87	83	92	84	85	81	88
Do you think your institution should or should not share back-office administrative functions with another college or university in the next three years?								
% Should	54	52	57	52	61	52	55	57
% Should not	46	48	43	48	39	48	45	43
Do you think your institution should or should not combine academic programs with those of another college or university in the next three years?								
% Should	58	55	62	29	60	60	63	62
% Should not	42	45	38	71	40	40	37	38

Chief business officers see consolidation of services as potentially beneficial to many areas of their institution. At least 6 in 10 say their institution's information technology services, academic offerings and other back office functions would benefit from consolidation with another institution. Slightly fewer, but still a majority of 51 percent, say human resources at their college would benefit from consolidation.

Public doctoral university CBOs are less likely than CBOs at other types of institutions to see benefits from consolidation in these areas.

Please say whether each of the following areas of your institution would or would not benefit from consolidation with another institution.								
	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.
Human resources								
% Would benefit	51	46	56	10	36	52	50	54
% Would not benefit	49	54	44	90	64	48	50	46
Information technology services								
% Would benefit	64	58	69	41	61	57	65	71
% Would not benefit	36	42	31	59	39	43	35	29

MERGERS AND CONSOLIDATIONS (cont.)

	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.
Other back-office functions								
% Would benefit	62	56	69	40	64	53	70	69
% Would not benefit	38	44	31	60	36	47	30	31
Academic program offerings								
% Would benefit	61	60	64	29	61	66	69	66
% Would not benefit	39	40	36	71	39	34	31	34

When asked which of six factors is a significant impediment to merger or consolidation, CBOs are most likely to say faculty opposition is a factor. Fifty-one percent believe faculty opposition is an obstacle to merging or consolidating services with other institutions. Slightly less than half list geography (46 percent) or a desire to maintain the status quo (45 percent) as barriers. CBOs are less likely to believe governing board opposition (35 percent), lack of financial necessity (28 percent), and alumni opposition (22 percent) are significant impediments to merger or consolidation.

Among CBOs at private institutions, faculty opposition is named most often as an impediment, while among public college CBOs, geography tops the list. Private baccalaureate college CBOs are especially likely to see faculty opposition as an obstacle to merger or consolidation. They are also much more likely than CBOs at other institutions to view alumni opposition as a significant impediment, and less likely to see a lack of financial necessity as an impediment.

Which of the following are significant impediments your institution faces to merging or consolidating services with another institution? Please select all that apply.								
	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.
% Faculty opposition	51	47	56	35	55	45	48	68
% Geography	46	54	39	51	52	57	30	59
% Desire to maintain status quo	45	41	50	39	46	39	46	61
% Governing board opposition	35	34	35	22	19	44	28	37
% Lack of financial necessity	28	34	22	43	29	36	35	19
% Alumni opposition	22	14	30	17	31	6	25	41
% None of these	14	10	15	13	14	9	14	7

STUDENT RETENTION

Many colleges have taken steps to improve student retention, not only to increase degree attainment, but also as a means of ensuring more stability in enrollment figures. Stable enrollment helps put colleges on firmer financial footing.

CBOs report that their institutions employ a variety of common student retention programs. These range from a high of 83 percent who say their college offers clearly designed pathways students should follow to earn specific degrees, to a low of 58 percent who offer technology-enabled advising. Roughly three-quarters of CBOs say their college offers academic coaching (78 percent) or training to help faculty members become better teachers (74 percent). Two-thirds report their college offers peer mentoring programs.

Please say whether your institution has invested in the following initiatives designed to increase student retention.								
	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.
Clearly designed pathways that students should follow to earn specific degrees								
% Yes	83	88	78	89	78	93	81	72
% No	17	12	22	11	22	7	19	28
Academic coaching								
% Yes	78	80	75	77	88	81	81	76
% No	22	20	25	23	12	19	19	24
Training to help faculty members become better teachers								
% Yes	74	82	64	97	77	83	62	73
% No	26	18	36	3	23	17	38	27
Peer mentoring								
% Yes	66	62	70	83	63	59	69	78
% No	34	38	30	17	37	41	31	22
Technology-enabled advising								
% Yes	58	70	46	86	68	68	64	44
% No	42	30	54	14	32	32	36	56

Public colleges are more likely than private colleges to offer these programs -- except for peer mentoring. The biggest difference between private and public institutions is on technology-enabled advising -- 70 percent of public college CBOs, but only 46 percent of private college CBOs, say their institution offers such a program.

Chief business officers indicate that their college invested in student retention initiatives with a clear expectation that those programs would improve the financial sustainability of their institution. Eighty-six percent of CBOs say this was the case.

STUDENT RETENTION (cont.)

When asked whether these programs have yielded a return on the investment, half of CBOs say it is too early to tell. However, many more report their college has seen a return (38 percent) than say it has not (12 percent).

Seven in 10 CBOs at public doctoral universities say their institution has seen a return on their investment in student retention, far greater than at other types of institutions. CBOs at public master's or baccalaureate colleges are about evenly divided as to whether their college has or has not seen a return on their investments.

	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.
Next, please think about the investments your institution has made to increase student success. Were these investments made with a clear expectation that increased student retention and degree completion would improve the financial sustainability of your institution?								
% Yes	86	83	89	83	76	88	95	80
% No	14	17	11	17	24	12	5	20
Which of the following best describes the situation at your college?								
% Your college has seen a return on the investments it has made in student success programs	38	39	37	71	24	38	37	34
% Your college has NOT seen a return on the investments it has made in student success programs	12	15	8	7	22	12	7	8
% It is too soon to tell if there has been a return on the investments	51	46	55	22	54	50	56	58

POTENTIAL IMPACT OF POLICY CHANGES IN WASHINGTON

The new Trump administration represents a major shift in various ways from the Obama administration, and this extends to federal policies that affect higher education. The survey asked CBOs about four policies that might change under Trump, and how much those changes would affect their college's financial situation.

CBOs seem especially concerned about cutbacks in federal student aid funds – 80 percent say this would affect their institution's finances "a great deal," with 14 percent saying it would affect them "a moderate amount."

A majority of CBOs – 54 percent – believe that immigration policies that deter international students from attending U.S. colleges would affect their college's financial situation a great deal (21 percent) or a moderate amount (33 percent). Public doctoral CBOs are especially likely to predict that immigration policies would affect their institution's finances, while community college CBOs are less likely to do so.

About 3 in 10 CBOs believe that cutbacks in federal research grants and reductions in federal research overhead would affect their institution's finances to at least a moderate degree. Again, public doctoral CBOs are far more likely than CBOs at other institutions to believe changes in these policies would greatly affect their college's finances.

As you may know, the Trump administration has proposed, or is expected to propose, a series of policies that could have a significant impact on colleges' financial situations. Please indicate how much each of the following policies would affect your college's financial situation.

	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.
Cutbacks in federal student aid funds								
% A great deal	80	82	78	74	84	88	75	78
% A moderate amount	14	10	18	26	8	6	20	19
% Not much	4	5	3	0	1	5	5	2
% Not at all	2	2	1	0	7	1	0	1
Immigration policies that could deter international students from attending U.S. colleges								
% A great deal	21	20	22	45	25	13	22	19
% A moderate amount	33	31	35	47	34	23	43	35
% Not much	35	37	34	8	34	47	28	37
% Not at all	11	12	9	0	7	17	7	10

POTENTIAL IMPACT OF POLICY CHANGES IN WASHINGTON (cont.)

As you may know, the Trump administration has proposed, or is expected to propose, a series of policies that could have a significant impact on colleges' financial situations. Please indicate how much each of the following policies would affect your college's financial situation.

	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.
Cutbacks in funds for federal research grants								
% A great deal	11	16	6	82	11	4	9	6
% A moderate amount	20	19	21	14	31	14	18	28
% Not much	35	34	37	4	42	40	32	39
% Not at all	34	31	36	0	16	43	41	27
Reductions in federal research overhead rates								
% A great deal	10	16	5	79	12	2	10	4
% A moderate amount	19	21	17	21	34	14	14	24
% Not much	33	34	32	0	38	44	32	32
% Not at all	39	29	46	0	16	40	44	40

STRATEGIES TO ADDRESS INSUFFICIENT REVENUE

Colleges have a variety of options they can pursue to compensate for revenue shortfalls. The survey asked CBOs whether their colleges will implement various strategies in the coming academic year to make up for insufficient revenue.

The most common steps CBOs say they are taking to address revenue shortfalls in the 2017-18 academic year are to increase overall enrollment and to launch new revenue-generating academic programs – roughly 7 in 10 CBOs strongly agree or agree their institution will implement those strategies.

Half or more also indicate their college will explore collaboration opportunities for academic programs with other institutions (63 percent), launch new master’s degree programs (58 percent), and eliminate underperforming academic programs (50 percent).

At least 4 in 10 CBOs say their college will explore collaboration opportunities for administrative services with other institutions (46 percent), reduce administrative positions (44 percent) and enroll more full-pay students (40 percent).

The least common strategies include outsourcing more academic programs (6 percent), revising tenure policies (18 percent) and cutting spending for intercollegiate athletic programs (20 percent).

Some leaders at colleges and universities say they must consider budget cuts and policy changes to compensate for insufficient revenue. Again, using a five-point scale, where 5 means strongly agree and 1 means strongly disagree, please indicate your level of agreement with the following statements. My institution will implement the following strategies in the 2017-2018 academic year.

	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.
Increasing overall enrollment								
%5 Strongly agree	36	37	35	38	32	41	30	35
%4	35	37	32	52	35	34	39	29
%3	19	15	23	7	22	16	21	24
%2	5	6	5	4	9	6	8	5
%1 Strongly disagree	5	4	5	0	1	3	1	7
Launching new revenue-generating academic programs								
%5 Strongly agree	31	25	37	43	31	21	38	31
%4	37	40	35	36	35	46	43	35
%3	20	24	18	14	22	22	13	18
%2	7	7	6	7	10	6	6	9
%1 Strongly disagree	5	5	4	0	2	5	0	6

STRATEGIES TO ADDRESS INSUFFICIENT REVENUE (cont.)

	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.
Exploring collaboration opportunities for academic programs with other institutions								
%5 Strongly agree	31	36	25	20	41	37	21	26
%4	32	32	33	24	31	38	35	28
%3	22	21	24	28	20	18	25	26
%2	9	7	11	21	6	3	7	18
%1 Strongly disagree	6	4	7	7	1	3	12	3
Launching new master's degree programs								
%5 Strongly agree	27	21	29	43	13	n/a	40	18
%4	31	32	31	34	41	n/a	35	24
%3	14	20	12	16	27	n/a	14	12
%2	10	14	9	7	9	n/a	6	15
%1 Strongly disagree	17	12	19	0	10	n/a	5	32
Eliminating underperforming academic programs								
%5 Strongly agree	19	16	22	6	10	22	18	20
%4	31	34	28	20	38	34	30	24
%3	20	26	14	27	18	31	21	11
%2	16	13	19	23	21	9	17	22
%1 Strongly disagree	13	11	16	24	13	4	15	23
Exploring collaboration opportunities for administrative services with other institutions								
%5 Strongly agree	20	20	21	13	25	22	18	20
%4	26	24	29	29	31	19	33	27
%3	22	26	17	20	18	30	9	29
%2	21	20	21	31	15	20	26	17
%1 Strongly disagree	11	10	12	7	10	10	14	8
Reducing administrative positions								
%5 Strongly agree	22	20	24	26	13	21	14	29
%4	22	28	16	26	35	27	13	19
%3	17	17	17	15	19	17	25	11
%2	19	21	18	20	16	21	16	13
%1 Strongly disagree	20	14	25	13	17	14	31	28

STRATEGIES TO ADDRESS INSUFFICIENT REVENUE (cont.)

	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.
Enrolling more full-pay students								
%5 Strongly agree	11	15	7	16	12	19	4	5
%4	29	31	27	38	26	34	26	30
%3	32	38	27	18	40	36	31	23
%2	19	10	28	23	12	7	23	36
%1 Strongly disagree	9	6	11	4	10	5	17	6
Shifting more instruction from a classroom-based to a web-based model								
%5 Strongly agree	11	9	14	10	8	10	12	8
%4	28	39	16	24	38	36	21	13
%3	29	28	30	39	32	27	42	23
%2	20	19	23	19	17	21	21	27
%1 Strongly disagree	12	5	18	8	5	6	5	28
Promoting early retirement for faculty members								
%5 Strongly agree	18	10	26	4	8	14	21	31
%4	20	22	19	34	19	22	20	13
%3	17	19	15	11	22	15	23	13
%2	21	22	20	43	20	21	14	25
%1 Strongly disagree	24	27	20	8	32	29	22	19
Increasing teaching loads for full-time faculty members								
%5 Strongly agree	10	12	8	7	14	14	7	10
%4	25	27	23	25	23	28	24	12
%3	20	20	19	26	27	18	19	16
%2	21	15	28	25	19	14	33	35
%1 Strongly disagree	24	26	22	17	18	26	17	26
Shifting more undergraduate teaching to part-time or non-tenured faculty								
%5 Strongly agree	8	12	4	7	11	15	3	4
%4	25	26	24	43	27	26	31	17
%3	31	31	29	16	36	29	34	22
%2	22	24	22	25	26	19	25	23
%1 Strongly disagree	14	7	21	10	0	11	7	34

STRATEGIES TO ADDRESS INSUFFICIENT REVENUE (cont.)

	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.
Promoting early retirement for administrators and staff								
%5 Strongly agree	9	7	12	4	2	11	8	13
%4	22	24	20	25	20	23	18	19
%3	18	19	16	21	23	16	22	12
%2	23	22	26	42	25	19	21	30
%1 Strongly disagree	28	28	26	8	31	31	31	26
Outsourcing more administrative services								
%5 Strongly agree	5	2	8	0	0	3	5	6
%4	22	22	23	35	26	22	22	23
%3	31	30	30	32	34	23	35	29
%2	26	27	25	27	26	31	26	23
%1 Strongly disagree	16	19	14	6	14	21	12	19
Shifting more undergraduate teaching to senior faculty members								
%5 Strongly agree	4	5	3	0	9	5	3	2
%4	23	24	23	6	25	28	24	18
%3	37	39	35	32	48	35	38	27
%2	19	18	20	38	9	19	24	18
%1 Strongly disagree	17	14	20	23	9	13	10	34
Lowering the tuition discount rate								
%5 Strongly agree	6	2	10	0	0	5	6	14
%4	17	8	22	10	16	6	35	15
%3	34	45	28	48	34	46	17	34
%2	26	27	26	22	37	26	26	18
%1 Strongly disagree	16	17	15	19	13	18	17	18

STRATEGIES TO ADDRESS INSUFFICIENT REVENUE (cont.)

	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.
Cutting spending for intercollegiate athletic programs								
%5 Strongly agree	8	8	7	3	6	12	10	5
%4	12	12	13	3	13	15	8	14
%3	21	23	19	13	16	28	17	23
%2	33	33	33	46	35	25	34	32
%1 Strongly disagree	26	24	28	34	31	20	31	26
Revising tenure policies								
%5 Strongly agree	7	5	9	4	5	6	7	7
%4	11	6	15	3	7	6	10	17
%3	16	21	12	9	10	26	17	9
%2	20	20	20	24	22	21	16	25
%1 Strongly disagree	46	48	43	60	55	41	50	42
Outsourcing more academic programs								
%5 Strongly agree	1	1	1	0	1	1	1	1
%4	5	5	6	4	2	5	4	4
%3	15	16	14	3	18	18	10	16
%2	36	35	37	52	34	36	48	29
%1 Strongly disagree	43	43	43	41	45	41	38	50

n/a: Data not reported due to small sample sizes.

Public college CBOs are more likely than those working at private colleges to say their institution will shift more undergraduate instruction to a web-based model from a classroom-based model (48 percent to 30 percent) and to say they will enroll more full-pay students (46 percent to 34 percent).

Private college CBOs are more likely than those at public colleges to indicate their institution will lower the tuition discount rate (32 percent to 10 percent), revise tenure policies (24 percent to 11 percent) and promote early retirement for faculty members (45 percent to 32 percent).

The same question was asked in the 2016 survey of business officers, and the rank order of items is generally similar to what it was a year ago. However, CBOs are significantly less likely to agree their colleges will pursue two strategies this year than they were a year ago – increasing overall enrollment (down from 87 percent to 71 percent) and lowering the tuition discount rate (down from 36 percent to 23 percent).

STRATEGIES TO ADDRESS INSUFFICIENT REVENUE (cont.)

In contrast, CBOs are more likely now than a year ago to say their college will promote early retirement for administrators and staff (up from 17 percent to 31 percent), promote early retirement for faculty members (up from 27 percent to 38 percent), reduce administrative positions (up from 35 percent to 44 percent) and cut spending for intercollegiate athletic programs (up from 11 percent to 20 percent).

These changes indicate that colleges are less likely to pursue certain strategies designed to increase revenue, and somewhat more likely to make changes aimed at cutting expenses.

The survey also asked CBOs for their opinions on some of the issues they must confront when attempting to deal with challenging fiscal situations. They widely agree that colleges need to be more willing to experiment with new kinds of academic and nonacademic offerings to build new revenue streams. Eighty-eight percent strongly agree or agree with this statement.

Essentially the same percentage, 87 percent, strongly agrees or agrees that most colleges are too hesitant to shut down academic programs. CBOs are somewhat less likely to believe that their own college is too hesitant to shut down academic programs – 67 percent strongly agree or agree this is the case.

Using a five-point scale, where 5 means strongly agree and 1 means strongly disagree, please indicate your level of agreement with the following statements.								
	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.
To build new revenue streams, colleges need to be more willing to experiment with new kinds of academic and nonacademic offerings.								
%5 Strongly agree	45	44	47	44	39	43	45	47
%4	43	43	44	49	48	41	45	44
%3	9	12	7	4	10	14	6	8
%2	1	<1	2	0	2	0	4	1
%1 Strongly disagree	1	2	0	3	2	1	0	0
Most colleges are too hesitant to shut down academic programs.								
%5 Strongly agree	45	46	44	45	49	43	48	51
%4	42	41	42	48	36	47	43	35
%3	10	8	12	4	10	4	4	13
%2	3	4	1	0	3	5	3	0
%1 Strongly disagree	1	1	1	3	2	0	1	0
My college is too hesitant to shut down academic programs.								
%5 Strongly agree	33	34	33	28	44	27	36	35
%4	34	39	29	46	38	41	21	36
%3	17	11	22	15	8	12	20	20
%2	10	11	10	7	7	13	12	9
%1 Strongly disagree	6	5	6	3	3	6	10	0

STRATEGIES TO ADDRESS INSUFFICIENT REVENUE (cont.)

CBOs were asked whether their institution has the information it needs to make informed decisions about the performance of various programs, work units or resources on campus. In each of six areas evaluated, only between 40 percent and 51 percent strongly agree or agree they have the information they need. CBOs are most likely to agree they have the necessary information to evaluate the efficacy of specific academic programs and majors and which academic programs should be enhanced or eliminated.

Again, using a five-point scale, where 5 means strongly agree and 1 means strongly disagree, please indicate your level of agreement with the following statements. My institution has the data and information it needs to make informed decisions about:								
	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.
Efficacy of specific academic programs and majors								
%5 Strongly agree	15	14	16	7	14	16	11	20
%4	36	35	36	40	38	36	32	35
%3	27	26	27	37	26	27	23	25
%2	17	16	18	13	12	14	31	13
%1 Strongly disagree	6	9	4	4	10	7	3	6
Which academic programs should be eliminated or enhanced								
%5 Strongly agree	15	13	17	7	15	13	14	20
%4	35	34	35	23	36	37	31	35
%3	25	28	22	50	25	27	22	17
%2	18	16	21	16	13	16	29	22
%1 Strongly disagree	6	8	5	4	10	7	5	6
Performance of individual faculty members								
%5 Strongly agree	10	9	11	12	12	8	10	9
%4	33	31	35	30	31	30	27	37
%3	24	23	25	30	23	25	20	30
%2	23	24	22	21	21	27	36	16
%1 Strongly disagree	10	13	7	7	13	10	8	8

STRATEGIES TO ADDRESS INSUFFICIENT REVENUE (cont.)

Again, using a five-point scale, where 5 means strongly agree and 1 means strongly disagree, please indicate your level of agreement with the following statements. My institution has the data and information it needs to make informed decisions about:

	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.
Performance of administrative technology								
%5 Strongly agree	8	10	7	0	12	11	7	6
%4	35	29	39	38	29	28	35	39
%3	26	30	23	26	30	32	22	22
%2	26	26	28	36	25	22	33	29
%1 Strongly disagree	4	5	3	0	4	7	4	4
Performance of academic technology								
%5 Strongly agree	7	8	6	0	10	8	5	5
%4	36	31	40	32	31	31	39	41
%3	29	32	27	38	31	33	23	28
%2	22	23	22	25	22	21	28	22
%1 Strongly disagree	5	5	4	5	6	6	6	4
Performance of each administrative unit on campus								
%5 Strongly agree	7	7	7	4	8	8	6	5
%4	33	28	37	27	39	22	34	34
%3	25	30	21	42	28	33	18	22
%2	30	28	33	27	19	31	38	37
%1 Strongly disagree	4	6	2	0	6	5	4	2

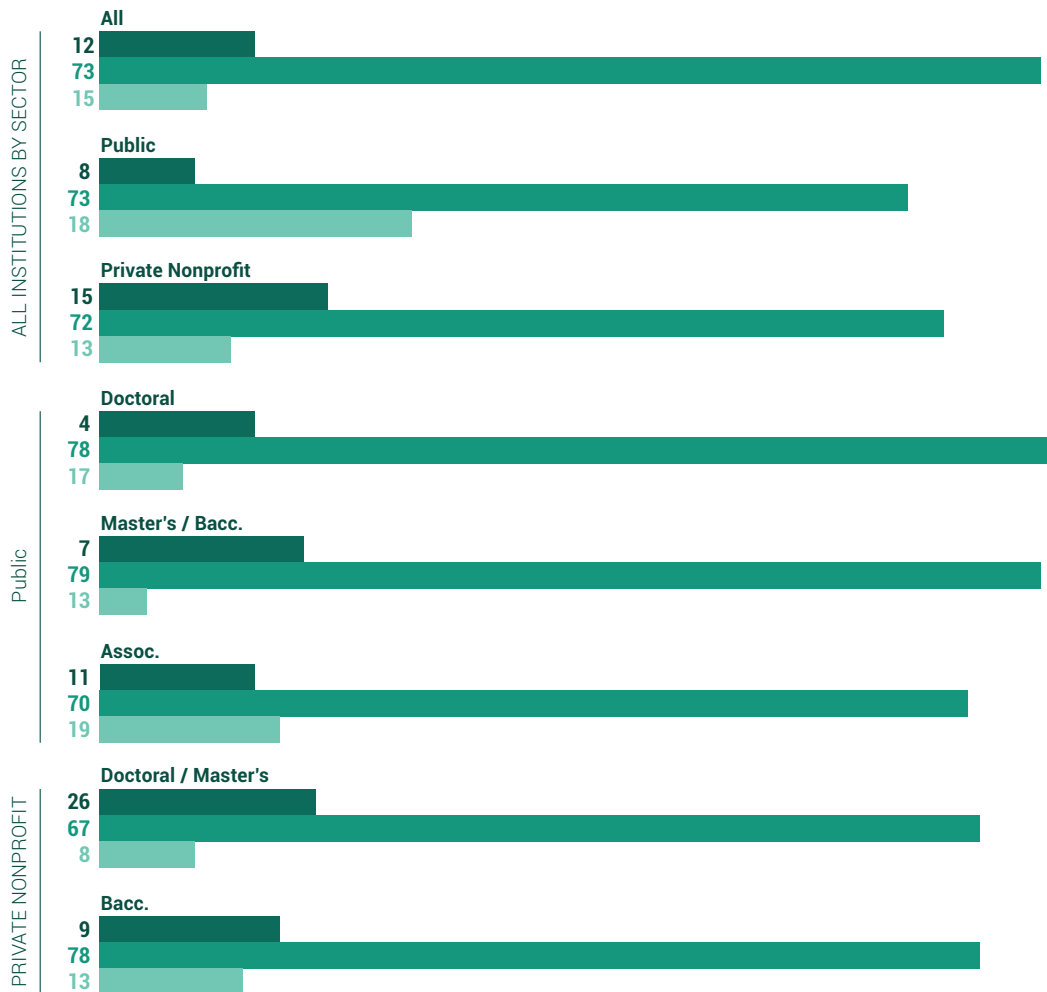
CBOs' reports of having the necessary information to evaluate these areas are largely unchanged from last year.

INSTITUTIONAL DEBT

CBOs appear comfortable with the amount of debt their institution carries. Seventy-three percent describe their college's debt level as appropriate, 12 percent believe their college has too much debt, and 15 percent say their college should take on more debt.

Private and public college CBOs are equally likely to describe their institution's debt level as appropriate. However, business officers at private institutions are more inclined than public college CBOs to say their college has too much debt. This is mainly because a higher percentage of CBOs at private doctoral or master's colleges — 26 percent — believe their institution carries too much debt.

Would you say your institution has too much debt, an appropriate amount of debt, or would you say that your institution should take on more debt than it has now?



INSTITUTIONAL DEBT (cont.)

CBOs are about as likely to strongly agree or agree (41 percent) as to strongly disagree or disagree (42 percent) that their college has increased the use of debt to finance projects. Public doctoral CBOs report an increased reliance on debt – 73 percent strongly agree or agree their college has increased the use of debt to finance projects. Community college business leaders are least likely to agree their college has been using more debt.

Consistent with their beliefs that their college’s current debt levels are appropriate, CBOs are more likely to strongly disagree or disagree (48 percent) than to strongly agree or agree (32 percent) that their college has historically underutilized debt as a financing strategy. A majority of private college CBOs disagree their college has underutilized debt.

CBOs also mostly reject the notion that debt service has a significant impact on their tuition rates or spending levels. Fifty-two percent strongly disagree or disagree with this idea, while 24 percent strongly agree or agree. Public institution CBOs are less likely to agree that debt service has affected tuition or spending at their college.

Using a five-point scale, where 5 means strongly agree and 1 means strongly disagree, please indicate your level of agreement with the following statements.								
	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.
My institution has increased the use of debt to finance projects.								
%5 Strongly agree	16	16	17	31	13	15	16	21
%4	25	22	28	42	32	15	32	22
%3	16	17	16	7	21	16	12	17
%2	21	22	20	9	10	28	20	28
%1 Strongly disagree	21	23	20	11	25	26	19	12
My institution has historically underutilized debt as a financing strategy.								
%5 Strongly agree	13	16	11	4	13	21	9	12
%4	19	25	14	21	23	22	18	7
%3	20	22	18	24	21	23	16	26
%2	24	15	32	28	19	12	28	32
%1 Strongly disagree	24	23	25	24	25	22	29	23
Debt service has a significant impact on our tuition rates and/or our spending levels.								
%5 Strongly agree	10	6	13	4	14	4	12	8
%4	14	9	17	12	5	12	21	21
%3	25	22	26	26	24	20	21	24
%2	28	30	28	40	26	25	26	35
%1 Strongly disagree	24	33	16	19	31	39	20	12

INSTITUTIONAL DEBT (cont.)

The survey also asked CBOs to report on key metrics related to their college's debt — specifically, the percentage of their institution's operation budget dedicated to debt service, and the college's current viability ratio.

On average, CBOs say 4.3 percent of their college's operating budget is dedicated to debt service. The average is higher for those at private institutions (4.7 percent) than for those at public institutions (3.7 percent).

One in five say their institution's viability ratio — expendable assets divided by long-term debt — is 3.0 or higher, though fewer four-year public institution CBOs report a viability ratio that high. Most colleges appear to have a viability ratio of less than 2.0. Sixty-four percent of CBOs say their institution has a ratio lower than 2.0, or carry no debt.

	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.
What percentage of your institution's 2016-17 operating budget is dedicated to debt service? Please provide your best estimate.								
Mean percentage	4.3	3.7	4.7	4.1	4.3	3.4	4.7	5.1
Median percentage	4.0	3.0	4.0	4.0	3.0	1.0	4.0	5.0
What is your institution's current viability ratio (expendable net assets divided by long-term debt)?								
% 3.0 or more	21	19	22	10	10	21	17	28
% 2.0 to less than 3.0	15	13	17	15	8	15	19	17
% 1.0 to less than 2.0	23	19	26	33	25	16	28	27
% 0.5 to less than 1.0	17	17	17	28	25	11	22	19
% 0 to less than 0.5	13	16	11	14	26	11	12	6
% My college has no debt	11	17	7	0	7	26	3	4

ENDOWMENT INCOME

Many colleges use endowments to invest for the future but also as a source of revenue to finance current operations. Colleges must decide how much of their endowments they spend versus save or invest for the future, and those decisions have taken on greater importance in recent years because endowment investments have not performed up to colleges' target goals.

One-third of CBOs say endowment income contributes meaningfully to their college's annual budget. This includes half of those employed by private colleges, but only 14 percent at public institutions. More than three-quarters of those at private baccalaureate colleges say endowment income is a meaningful source of annual revenue.

Most CBOs of colleges at which endowment income contributes to annual budgets expect they will keep their payout rate the same in the next year. Seven in 10 expect this to happen, with most of the rest – 27 percent – expecting to lower the payout rate. Only 3 percent expect to increase it.

	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.
Does endowment income contribute meaningfully to your college's annual budget?								
% Yes	34	14	51	60	15	8	37	77
% No	66	86	49	40	85	92	63	23
What do you expect your institution will do with its endowment payout rate over the next year?*								
% Lower the payout rate	27	16	29	n/a	n/a	n/a	n/a	36
% Keep it the same	71	76	69	n/a	n/a	n/a	n/a	62
% Increase the payout rate	3	9	2	n/a	n/a	n/a	n/a	2

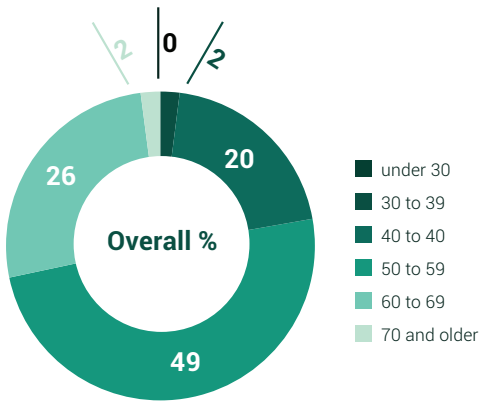
* Asked of CBOs who say endowment income contributes meaningfully to their college's annual budget

n/a: Results not reported due to small sample sizes.

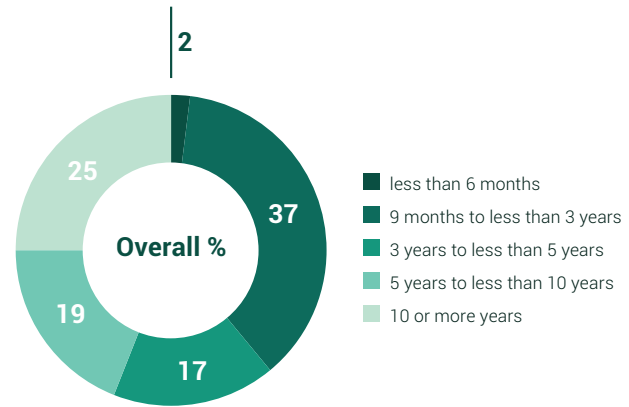
Sixty-three percent of CBOs strongly agree or agree that decisions on how to invest endowment funds should be made largely on the basis of financial considerations rather than ethical or political ones.

	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.
Colleges should focus on financial issues (not ethical or political ones) when deciding how to invest endowment funds.								
%5 Strongly agree	32	23	39	23	26	20	36	41
%4	31	32	29	38	34	28	33	30
%3	21	23	20	19	22	26	15	20
%2	11	14	8	15	14	14	8	5
%1 Strongly disagree	6	7	5	4	4	11	8	5

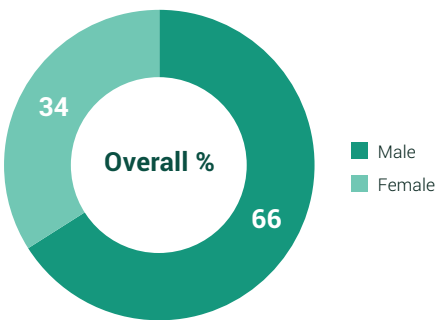
INSTITUTION AND PERSONAL DEMOGRAPHICS



What is your age?



How many years have you served as the chief business officer at this institution?



What is your gender?



How many years have you served as the chief business officer at any institution?

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