

INSIDE
HIGHER ED

2018 SURVEY OF COLLEGE AND UNIVERSITY BUSINESS OFFICERS

A STUDY BY INSIDE HIGHER ED AND GALLUP

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THE 2018 *INSIDE HIGHER ED* SURVEY OF COLLEGE AND UNIVERSITY BUSINESS OFFICERS

A study by *Inside Higher Ed* and Gallup



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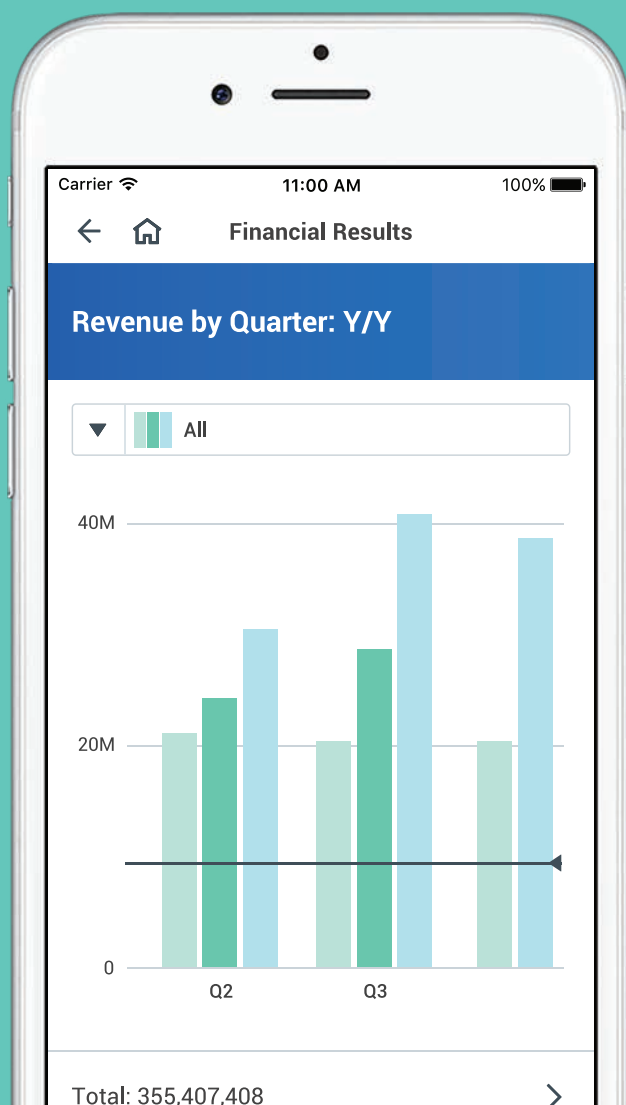
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FOREWORD

Inside Higher Ed's eighth annual survey of college and university chief business officers seeks to understand how these leaders perceive and address the financial challenges facing higher education institutions in the U.S.

This study addresses the following questions:

- Are chief business officers confident their institution will be financially sustainable in the next 5 and 10 years?
- To what extent have colleges had serious discussions about merging, or consolidating services, with other institutions?
- What do chief business officers see as the primary benefits of mergers or consolidations? The primary impediments to doing so? Which financial measures are most important for chief business officers in assessing their institution's financial health?
- How aware are key campus constituencies about the financial health of their institution?
- How often do chief business officers run financial reports that include projections to year-end, and with whom do they share the information?
- Do chief business officers believe their institution has the data and information it needs to make informed budget decisions?
- What revenue-generating and cost-saving strategies are higher education 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?
- How much do public colleges rely on state appropriations or endowment income to finance their budgets?
- To what extent are public institutions implementing tuition freezes?
- Which programs and services are most commonly shared by public colleges that are part of multi-campus systems?

SNAPSHOT OF FINDINGS

Among the study's findings:

- Sixty-three percent of CBOs are confident about their institution's financial outlook over the next five years, up from 56 percent last year and back to 2015-16 levels.
- Half of CBOs are confident their college will be financially stable over the next 10 years, similar to last year's 48 percent but remaining down from 54 percent in 2016.
- Most CBOs believe key campus constituencies are very (15 percent) or somewhat (61 percent) aware of their institution's current financial health. Eighty-six percent of CBOs say senior administrators and board members are conveying sufficient and accurate information to key campus groups about the institution's financial status.
- Seventeen percent of CBOs say senior officials at their colleges have had serious talks about merging with another college or university, up from 12 percent a year ago. Eighteen percent of CBOs believe their college should merge with another institution.
- Slightly more than one-fourth of CBOs say senior officials at their college have had serious discussions about consolidating programs or services with another college or university. Half of CBOs believe their college should share administrative functions with another college or should combine academic programs.
- Relatively few CBOs believe mergers or consolidations involving their college are very likely to occur. They see a desire to maintain the status quo, geography and faculty opposition as significant impediments to merger or consolidation.
- Nine in 10 CBOs say they run periodic financial reports with projections to year-end, most commonly on a monthly basis. They typically share these reports with other campus groups, especially the president's cabinet and the governing board or finance committee.
- Among various measures that can be used to assess an institution's financial health, CBOs are most likely to say that net operating revenues ratio, increase or decrease in unrestricted net assets, and rate of growth of net tuition per student are key metrics used at their college.
- Less than half of CBOs strongly agree or agree their institution has the data and other information it needs to make informed decisions about each of six aspects of their college's operation. CBOs are most likely to say they have sufficient information about the efficacy of specific academic programs and majors, and least likely to say this about the performance of each administrative unit on campus.
- A slim majority of CBOs, 56 percent, strongly agree or agree they were well-informed about issues facing their institution when they began their current role.
- Forty-eight percent of CBOs, up from 34 percent in 2013, strongly agree or agree their college's tuition discount rate is unsustainable. Two thirds of private baccalaureate college CBOs say their discount rate is unsustainable.
- Among various strategies colleges can pursue to account for insufficient revenue, CBOs are most likely to say their college will attempt to increase overall enrollment (72 percent) and launch new revenue-generating programs (63 percent). Just 9 percent plan to reduce executive pay.
- Consistent with prior years, more than 7 in 10 CBOs describe their institution's current debt level as "appropriate." Fourteen percent say their college has too much debt.

SNAPSHOT OF FINDINGS (CONT.)

- On average, CBOs estimate that 4.8 percent of their college's operating budget is dedicated to debt service. Private institution CBOs dedicate a greater proportion of their budget to debt service than public institution CBOs do.
- Most CBOs say less than 5 percent of their budgets are funded by endowment income, but 7 percent of CBOs say that 15 percent or more of their budget is funded in this manner. According to CBOs' estimates, an average of 4.0 percent of college operating budgets are supported by endowment income.
- Sixty-eight percent of CBOs expect the payout rate from their college's endowment to stay the same over the next year, with more expecting their college will lower the rate than expect their college will increase it.
- Three quarters of CBOs agree that tuition freezes, absent more state appropriations, can damage public higher education. Forty-nine percent of CBOs, including 60 percent of those at public institutions, strongly agree with the statement.
- About one in four CBOs at public institutions report their college froze tuition and fees during the current academic year. A similar proportion say their college will freeze tuition and fees in the coming year.
- Public college CBOs report a steady proportion of state funding supporting their budgets in the last, current and upcoming fiscal years. They say state funds account for roughly one third of their operating budget in the 2017, 2018 and 2019 fiscal years.
- CBOs at colleges that are part of multi-campus systems are most likely to say their college shares legal services, enterprise computing systems and internal audit functions with other member campuses. They are less likely to say their college shares academic program offerings and compliance functions.

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METHODOLOGY

This report presents findings from a quantitative survey research study that Gallup conducted on behalf of *Inside Higher Ed*. Gallup sent invitations via email to 4,162 chief business officers or senior financial officers and sent regular reminders throughout the May 10 to June 7, 2018, field period. Gallup collected 415 completed or partially completed web surveys, yielding a 10 percent response rate. Respondents represented 214 public institutions, 197 private institutions and three institutions from the for-profit sector. Respondents were offered an incentive (a chance for one of 10 \$100 gift cards) for their participation.

Total Participation by Sector

	All Institutions by Sector				Public			Private Nonprofit		
	All	Public	Private Non-profit	For Profit*	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.	Assoc.*
Total N	415	214	197	3	49	58	92	95	85	1

*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. Consequently, in some tables, percentages for subgroups (e.g., private doctoral/master's and private baccalaureate) may appear inconsistent with the total for the entire group (e.g., all private institutions).

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 database. 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 CBOs at colleges nationwide.

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

FINANCIAL STATUS OF HIGHER EDUCATION INSTITUTIONS

Chief business officers are more positive than negative about their institution's finances, and modestly more upbeat than they were a year ago. Over all, 63 percent strongly agree or agree, while 14 percent strongly disagree or disagree, that they are confident their institution will be financially stable over the next five years. A year ago, 56 percent were confident. The percentage of financial leaders who are confident about the short-term health of their institution is now back to the same levels it was in 2015 and 2016, when 64 percent were confident.

As is typically the case, CBOs are less confident about their institution's financial stability over the next 10 years. Half strongly agree or agree they are confident, while 15 percent strongly disagree or disagree. The current figures are essentially unchanged from a year ago, when 48 percent were confident, but CBOs remain slightly less optimistic about their institution's financial health in the coming decade than they were in 2016, when 54 percent were confident.

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	24	30	19	33	14	33	22	15
%4	39	39	38	45	40	37	38	39
%3	23	23	23	15	30	23	24	19
%2	10	8	12	6	15	7	15	14
%1 Strongly disagree	4	<1	8	0	2	0	1	13
I am confident my institution will be financially stable over the next 10 years.								
%5 Strongly agree	13	14	11	17	14	13	11	11
%4	37	40	35	47	38	39	38	33
%3	35	35	35	29	26	38	28	34
%2	13	10	15	4	20	10	22	14
%1 Strongly disagree	2	0	4	2	2	0	1	8

Public institution CBOs are more confident than private institution CBOs in their college's financial outlook over the next 5 and 10 years. This is largely because CBOs at public doctoral institutions are quite confident about their college's financial situation in the short and long term — 78 percent and 64 percent, respectively. Community college business officers are also rather confident about their institution's five-year financial outlook, at 70 percent, trailing only public doctoral CBOs in their level of confidence. However, community college CBOs are much less confident (52 percent) in their institution's 10-year outlook. Private baccalaureate CBOs are least confident about their institution's 10-year financial outlook, with only 44 percent agreeing they are confident.

FINANCIAL STATUS OF HIGHER EDUCATION INSTITUTIONS (CONT.)

In recent years, several colleges have shut down or merged with other institutions. In some cases, key constituent groups were caught off guard by the move because they were unaware that the college's financial situation was so dire. Relatively few CBOs believe key campus constituencies are highly aware of their own institution's financial health, but they believe those groups are at least somewhat aware. Over all, 15 percent of business officers say key campus groups are very aware of their institution's current financial health, while 61 percent say they are somewhat aware. Just 5 percent believe they are not aware at all. More private college CBOs (81 percent) than public college CBOs (70 percent) believe campus groups are very or somewhat aware of their institution's financial status.

Chief business officers generally believe senior administrators and board members at their college are giving key campus groups accurate and sufficient information about the financial health of the institution. Eighty-six percent believe this is occurring at their college, including 89 percent of those at public institutions and 83 percent of those at private colleges.

	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.
How aware do you think key campus constituencies — such as students, faculty and staff members, and alumni — are about the current financial health of your institution?								
% Very aware	15	9	20	15	6	10	11	27
% Somewhat aware	61	61	61	53	73	61	67	57
% Not too aware	19	23	16	25	19	21	17	14
% Not aware at all	5	7	3	6	2	9	5	1
Are senior administrators and governing board members at your college giving key campus constituencies accurate and sufficient information about the financial health of your institution?								
% Yes	86	89	83	81	89	89	91	79
% No	14	11	17	19	11	11	9	21

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MERGERS AND CONSOLIDATIONS

The past year has seen continued merger and consolidation activity in higher education. Currently, 17 percent of chief business officers say senior administrators at their institution have had serious internal discussions about merging with another college or university. That is up from 12 percent a year ago. Officials at private colleges continue to be more likely than public college CBOs to say merger discussions are taking place at their institution, 23 percent to 9 percent.

Slightly more than one-fourth of CBOs, 27 percent, say their college has had serious discussions about consolidating services with other campuses, similar to the 24 percent saying the same in last year's survey. Private and public institution CBOs are equally likely to report consolidation discussions have occurred at their college.

Relatively few CBOs expect mergers involving their college to occur in the near term. Two percent say their college is "very likely" to merge with another within the next three years, while 9 percent say it is "somewhat likely." Sixty-two percent say it is "not likely at all." These figures are similar to those from the 2017 survey.

CBOs are slightly more inclined to believe their college will share administrative functions or combine academic programs with another college. Thirty-seven percent say it is very (11 percent) or somewhat (26 percent) likely their college will share administrative functions with another college within the next three years, while 30 percent say it is very (5 percent) or somewhat (25 percent) likely their college will combine academic programs with another college.

Forty-two percent of public college business leaders believe it is very or somewhat likely their college will share administrative functions with another college, compared with 33 percent of private college CBOs. Public and private college CBOs do not differ in their predictions of whether their institution will combine academic programs with another college in the coming years.

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	17	9	23	11	10	8	20	24
% No	83	91	77	89	90	92	80	76
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	27	26	27	17	35	26	24	34
% No	73	74	73	83	65	74	76	66

MERGERS AND CONSOLIDATIONS (CONT.)

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.
How likely is your institution to merge with another college or university in the next three years?								
% Very likely	2	2	2	2	5	1	4	0
% Somewhat likely	9	6	10	2	3	8	7	14
% Not too likely	27	23	31	17	37	22	37	29
% Not likely at all	62	69	57	79	55	69	53	57
How likely is your institution to share administrative functions with another college or university in the next three years?								
% Very likely	11	14	9	8	21	14	6	10
% Somewhat likely	26	28	24	29	32	24	25	25
% Not too likely	31	24	38	33	27	21	42	36
% Not likely at all	32	34	30	29	21	41	26	28
How likely is your institution to combine academic programs with those of another college or university in the next three years?								
% Very likely	5	5	5	6	13	3	4	5
% Somewhat likely	25	26	24	22	21	28	18	28
% Not too likely	39	39	39	32	41	40	42	38
% Not likely at all	31	30	32	40	25	29	36	30

MERGERS AND CONSOLIDATIONS (CONT.)

Fewer than one in five CBOs believe their college should merge with another college in the next three years (18 percent), and half or more believe their college should share administrative functions (50 percent) or combine academic programs (53 percent). Private college CBOs are more likely than their public college counterparts to say their institution should merge, 21 percent to 14 percent. This includes about one-fourth of CBOs at private baccalaureate colleges. CBOs at public and private colleges hold similar opinions about whether their institution should share administrative functions or combine academic programs.

	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	18	14	21	9	18	15	18	26
% Should not	82	86	79	91	82	85	82	74
Do you think your institution should or should not share administrative functions with another college or university in the next three years?								
% Should	50	50	50	48	64	45	48	57
% Should not	50	50	50	52	36	55	52	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	53	55	51	39	52	57	51	54
% Should not	47	45	49	61	48	43	49	46

MERGERS AND CONSOLIDATIONS (CONT.)

Business officers who believe their institution should merge, share administrative functions or combine academic programs were asked what they see as the primary benefits of such actions. The vast majority see a reduction in expenses as a primary benefit, mentioned by 81 percent. A slim majority believes merging or consolidation would allow their institution to expand academic offerings in high demand fields such as cybersecurity or environmental services. Fewer see their college taking their institution's enrollment to the next level (39 percent) or increasing access to capital to invest in campus renovation or physical plant improvements (24 percent).

What do you see as the primary benefits of merging, sharing administrative functions or combining academic programs? Please check all that apply.*								
	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.
% Reduce expenses by sharing resources or functions such as campus safety, advising, compliance or facilities management	81	82	81	91	88	78	80	85
% Expand academic programs in the sciences or other high demand fields such as cybersecurity or environmental sciences	52	55	49	47	40	65	51	49
% Take the institution to the next level in terms of enrollment	39	31	46	21	29	35	35	51
% Increase access to capital to invest in campus renovation or other physical plant improvements	24	18	31	41	15	16	23	39

* Asked of CBOs who say their college should merge, share administrative functions or combine academic programs (n=247)

MERGERS AND CONSOLIDATIONS (CONT.)

CBOs who believe their college should merge or consolidate see the immediate primary impact of the action as a change in institutional culture — 32 percent say that would occur. Fewer see administrative layoffs (24 percent), changes in enrollment (23 percent), or closure of undersubscribed majors or departments (15 percent) as being the primary effect of merger or consolidation. Very few think the immediate impacts will be seen in changes to the teaching load (4 percent) or changes in student/community diversity (2 percent).

If you had to choose only one, what would you see as the immediate primary impact on your institution of the restructuring?								
	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.
% Changes in institutional culture	32	39	25	52	32	36	21	23
% Administrative layoffs	24	18	32	22	33	16	31	32
% Changes in enrollment	23	19	26	17	18	21	26	28
% Closure of under-subscribed majors or departments	15	17	13	4	9	18	18	11
% Changes to the teaching load	4	4	3	4	3	5	0	6
% Changes in student/ community diversity	2	3	2	0	6	3	3	1

* Asked of CBOs who say their college should merge, share administrative functions or combine academic programs (n=242)

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MERGERS AND CONSOLIDATIONS (CONT.)

Majorities of CBOs see consolidation of services as beneficial to several areas of their college, including information technology services (59 percent), academic offerings (58 percent) and back-office functions (58 percent). They are evenly divided as to whether their college's human resources or legal services would benefit.

Public and private college CBOs share similar views as to whether their institution would benefit in most of these areas from consolidating. One exception is for legal services — private college CBOs are less inclined to see a benefit in this area, largely because of low ratings from CBOs at private colleges offering graduate degrees.

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.
Information technology services								
% Would benefit	59	58	59	48	64	57	57	69
% Would not benefit	41	42	41	52	36	43	43	31
Other back-office functions								
% Would benefit	58	56	61	49	63	56	63	66
% Would not benefit	42	44	39	51	37	44	37	34
Academic program offerings								
% Would benefit	58	55	59	40	58	56	55	67
% Would not benefit	42	45	41	60	42	44	45	33
Human resources								
% Would benefit	50	50	51	36	44	51	45	60
% Would not benefit	50	50	49	64	56	49	55	40
Legal services								
% Would benefit	50	57	44	52	61	60	37	52
% Would not benefit	50	43	56	48	39	40	63	48

MERGERS AND CONSOLIDATIONS (CONT.)

Asked about various impediments to merging or consolidating, CBOs are most likely to cite a desire to maintain the status quo (52 percent), geography (49 percent) and faculty opposition (47 percent). Slightly less see lack of mission compatibility (42 percent), lack of financial necessity (36 percent) and governing board opposition (35 percent) as significant impediments. CBOs are least likely to cite program overlap or incompatibility (28 percent) and alumni opposition (22 percent) as deterrents.

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.
% Desire to maintain status quo	52	53	51	38	54	52	50	56
% Geography	49	44	54	37	32	50	51	58
% Faculty opposition	47	46	49	57	62	41	46	55
% Lack of mission compatibility	42	37	47	38	29	39	59	43
% Lack of financial necessity	36	39	33	55	22	41	37	25
% Governing board opposition	35	40	31	32	35	42	18	39
% Program overlap/ incompatibility	28	24	33	22	17	28	34	35
% Alumni opposition	22	20	25	35	30	14	26	28
% None of these	7	9	4	12	9	9	5	2

Perceptions about the biggest obstacles to merger or consolidation are largely similar to last year, although slightly more mention a desire to maintain the status quo (52 percent, up from 45 percent) or a lack of financial necessity (36 percent, up from 28 percent).

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ASSESSING FINANCIAL HEALTH

Chief business officers routinely assess their financial health by running periodic financial reports that include projections to year-end. Ninety-one percent say they do so, including 94 percent of those at private institutions and 88 percent of those at public institutions.

Most commonly, CBOs run such reports on a monthly basis, with 64 percent reporting this frequency. Eight percent of CBOs who run periodic financial reports do so on a weekly basis, while 27 percent indicate they do so on a quarterly basis. Two-thirds of CBOs who run periodic financial reports say these reports are based on accrual accounting, while 34 percent rely on cash accounting.

Most business officers say these reports are shared with key groups on campus, while only 9 percent indicate the reports are not shared. Most commonly, the reports are distributed to the president's cabinet (74 percent) and the governing board or finance committee (69 percent). Twelve percent of CBOs who run financial reports share them with a faculty governing body, while just 3 percent do so with the student governing body. Private institution CBOs are particularly likely to distribute the reports to the president's cabinet.

	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.
Do you rely on periodic financial reports that include projections to year-end?								
% Yes	91	88	94	90	85	89	99	90
% No	9	12	6	10	15	11	1	10
How often do you run this report?*								
% Weekly	8	5	10	0	10	6	11	11
% Monthly	64	67	61	48	56	71	54	66
% Quarterly	27	26	28	52	30	21	35	22
% Less often	1	2	1	0	3	2	0	1
Is the report based on accrual accounting or cash accounting?*								
% Accrual accounting	66	65	66	59	57	66	66	62
% Cash accounting	34	35	34	41	43	34	34	38

* Based on those who run periodic financial reports to year-end (n=323).

ASSESSING FINANCIAL HEALTH (CONT.)

	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.
To which campus groups is the report distributed? Please select all that apply.*								
% The president's cabinet	74	66	81	45	76	67	77	82
% The governing board and/or the finance committee	69	67	72	42	46	72	71	74
% A faculty governing body	12	15	10	9	26	14	12	10
% The student governing body	3	6	0	3	12	6	0	1
% None of these	9	13	4	39	12	11	7	3

* Based on those who run periodic financial reports to year-end (n=323).

CBOs rely on a number of measures to assess their institution's financial health. Majorities say that net operating revenues (55 percent), increase or decrease in unrestricted net assets (53 percent), and rate of growth of net tuition per student (52%) are very important metrics to them. Slightly fewer say that the primary reserve ratio (44%) and monthly or annual days of cash on hand (43%) are very important financial indicators. CBOs are less likely to consider viability ratio (36 percent) or return on net assets ratio (23 percent) as very important. All seven measures included in the survey are rated as very important or important measures by at least 8 in 10 CBOs.

Private college CBOs are much more likely than public institution CBOs to say each of the seven measures are very important in assessing their college's financial health. The largest private-public differences are on rate of tuition growth per student (71 percent to 31 percent), net operating revenues ratio (67 percent to 42 percent), and increase or decrease in unrestricted net assets (65 percent to 41 percent).

ASSESSING FINANCIAL HEALTH (CONT.)

Please say how important each of the following financial measures are to assessing your institution's financial health?								
	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.
Net operating revenues ratio (operating surplus or deficit divided by operating revenues)								
% Very important	55	42	67	49	34	42	58	68
% Important	39	48	31	36	51	49	42	28
% Not important	6	10	2	15	15	8	0	3
Increase or decrease in unrestricted net assets (as a measure of financial flexibility)								
% Very important	53	41	65	65	38	38	56	69
% Important	41	51	32	30	54	53	44	26
% Not important	6	9	3	5	9	10	0	5
Rate of growth of net tuition per student								
% Very important	52	31	71	50	38	26	76	74
% Important	35	46	25	47	42	48	21	22
% Not important	13	23	4	2	20	26	2	5
Primary reserve ratio (expendable net assets divided by total expenses)								
% Very important	44	38	50	38	34	38	41	58
% Important	47	50	45	52	49	52	51	39
% Not important	8	12	4	10	17	11	8	3
Monthly or annual days of cash on hand								
% Very important	43	39	47	39	27	42	47	50
% Important	44	45	44	52	45	44	48	40
% Not important	13	16	10	10	27	14	6	10

ASSESSING FINANCIAL HEALTH (CONT.)

Please say how important each of the following financial measures are to assessing your institution's financial health?								
	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.
Viability ratio (expendable net assets divided by long-term debt)								
% Very important	36	27	45	38	22	26	28	53
% Important	44	46	43	49	50	44	52	40
% Not important	19	27	11	13	28	29	19	7
Return on net assets ratio (change in net assets divided by beginning net assets)								
% Very important	23	18	29	21	17	17	20	31
% Important	60	58	61	52	64	56	75	57
% Not important	17	24	9	28	19	26	6	12

Less than half of business officers strongly agree or agree their institution has the data and other information it needs to make informed decisions about the performance of each of six different programs, work units or resources on campus. They are most likely to say they have necessary information to evaluate the efficacy of specific academic programs and majors, with 49 percent agreeing and 22 percent disagreeing. More than 4 in 10 also indicate having the requisite information to decide which academic programs should be eliminated or enhanced (45 percent), the performance of individual faculty members (42 percent) and the performance of administrative technology (41 percent).

CBOs are least likely to say they have the necessary data to evaluate the performance of each administrative unit on campus. In fact, as many strongly disagree or disagree they have this information (31 percent) as strongly agree or agree they do (31 percent).

ASSESSING FINANCIAL HEALTH (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 other 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	16	13	20	13	7	15	18	20
%4	33	36	30	36	39	34	41	24
%3	29	27	31	29	31	24	24	35
%2	15	19	12	20	14	21	15	10
%1 Strongly disagree	7	6	8	3	8	6	3	12
Which academic programs should be eliminated or enhanced								
%5 Strongly agree	13	10	16	15	9	10	18	13
%4	32	39	25	35	35	41	26	24
%3	30	27	33	16	29	29	36	31
%2	18	19	16	26	20	16	16	17
%1 Strongly disagree	8	6	10	7	8	5	4	15
Performance of individual faculty members								
%5 Strongly agree	9	7	10	3	3	10	10	8
%4	33	39	27	22	33	43	37	23
%3	30	23	36	25	12	25	21	44
%2	20	21	18	43	35	13	25	12
%1 Strongly disagree	10	10	9	7	17	9	6	12
Performance of administrative technology								
%5 Strongly agree	10	5	15	10	5	5	17	15
%4	31	37	26	29	35	39	24	23
%3	35	36	34	19	31	40	36	35
%2	19	19	20	35	24	13	22	21
%1 Strongly disagree	5	3	5	7	5	3	2	5

ASSESSING FINANCIAL HEALTH (CONT.)

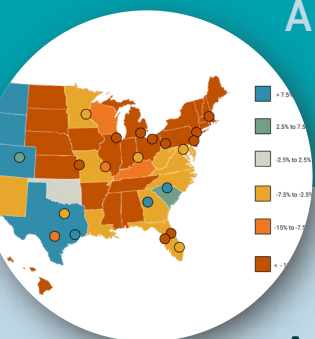
Again, using a five-point scale, where 5 means strongly agree and 1 means strongly disagree, please indicate your level of agreement with the following statements.
My institution has the data and other information it needs to make informed decisions about:

	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.
Performance of academic technology								
%5 Strongly agree	10	5	15	10	3	6	14	13
%4	29	36	22	28	38	38	28	18
%3	37	37	37	24	28	41	41	37
%2	19	16	21	33	19	11	13	25
%1 Strongly disagree	6	5	5	5	13	4	4	7
Performance of each administrative unit on campus								
%5 Strongly agree	6	4	7	3	3	5	9	7
%4	25	25	25	22	26	28	26	21
%3	38	42	35	39	45	42	36	36
%2	25	24	25	37	21	21	24	26
%1 Strongly disagree	6	4	7	0	5	5	4	11

CBOs' reports of having the necessary information to evaluate these areas are unchanged from last year in most of these areas. The exceptions are in the performance of each administrative unit on campus (falling from 40 percent agreeing to 31 percent) and about which academic programs to eliminate or enhance (down from 50 percent to 45 percent).

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CHALLENGES AND STRATEGIES

By 56 percent to 27 percent, CBOs strongly agree or agree rather than strongly disagree or disagree that they were well-informed about campus issues before taking their current position. The percentage agreeing with that statement is up from 2015 through 2017, when it averaged 50 percent, and back to 2013 and 2014 levels. Public institution CBOs are likelier than their private institution counterparts to agree they were well-informed before taking their current job, 60 percent to 51 percent. Nearly three quarters of public doctoral institution CBOs say they were well-informed about the situation at their college when they took on their role.

CBOs widely believe that senior administrators and board members are aware of the financial challenges their institution faces, but are less convinced faculty members are. Roughly 8 in 10 CBOs strongly agree or agree that senior administrators (80 percent) and trustees (78 percent) are aware of and understand the challenges facing their institution. Forty-four percent say the same about faculty members, with 25 percent strongly disagreeing or disagreeing professors know about and comprehend the financial difficulties the college is confronting. CBOs at private institutions are more likely than those at public institutions to believe those three key constituencies understand the college's financial situation.

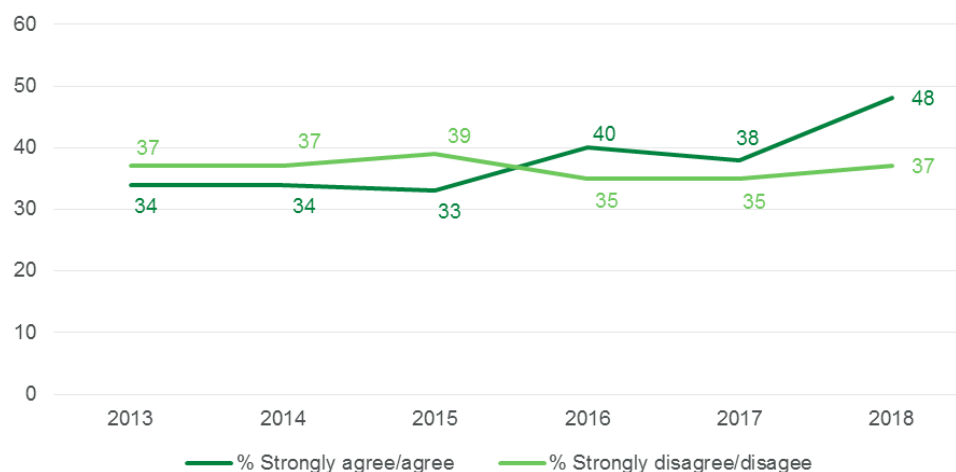
CBOs continue to believe that transparency in campus decision-making can help ensure their institution makes better financial decisions. Sixty-two percent strongly agree or agree greater transparency will lead to better financial decisions, which is similar to the level in 2016 after a slight dip to 57 percent last year.

One area in which transparency might be key concerns colleges' tuition discount rate. Nearly half of CBOs, 48 percent, strongly agree or agree that their college's current tuition discount rate is unsustainable; 37 percent strongly disagree or disagree.

Private college business officers (56 percent) are much more likely than public college CBOs (31 percent) to believe their tuition discount rate is unsustainable. Private baccalaureate CBOs are especially likely to express concern about their tuition discount rate, with 68 percent agreeing it is unsustainable.

CBOs' opinion on this matter has shifted over time. From 2013 through 2015, they were more inclined to disagree than to agree that their college's tuition discount rate was unsustainable. Since then, the percentage agreeing has exceeded the percentage disagreeing. The 48 percent who agree this year is the highest measured to date.

CHIEF BUSINESS OFFICERS' OPINION OF WHETHER THEIR COLLEGE'S TUITION DISCOUNT RATE IS UNSUSTAINABLE



CHALLENGES AND STRATEGIES (CONT.)

CBOs also express concern about the ability of their college to make additional spending cuts. Forty-two percent strongly disagree or disagree, and 28 percent strongly agree or agree, that their college can make significant, additional spending cuts without hurting quality. Community college financial administrators are divided about whether more cuts would adversely affect quality, while CBOs at all other types of colleges tilt more strongly toward seeing additional cuts as harmful.

CBOs have become slightly less concerned about their institution's ability to make spending cuts without affecting quality. The 42 percent who disagree is lower than the 49 to 52 percent who disagreed in the 2013 through 2017 surveys.

CBOs also continue to believe that decisions about investing endowment funds should be made primarily on financial considerations than political or ethical ones. Fifty-eight percent of CBOs strongly agree or agree with this approach. The percentage has been near 60 percent in prior surveys.

Many colleges have undertaken sustainability efforts to help reduce their campus' impact on the environment. These efforts have also been promoted as a means of helping the bottom line by saving on energy costs. CBOs are divided as to whether their institution has realized significant financial benefits from sustainability efforts — 37 percent strongly agree or agree and 34 percent strongly disagree or disagree.

Public and private CBOs' opinions diverge on this question, with public institution CBOs more positive about sustainability efforts (by 47 percent to 25 percent, they agree their college has benefited) and private institution CBOs more negative (27 percent agree and 42 percent disagree). In prior surveys, private institution CBOs have consistently been more negative than positive about sustainability efforts.

CBOs are much more positive than negative about their college's use of technology. Forty-nine percent strongly agree or agree and 21 percent strongly disagree or disagree that their institution makes efficient use of technology resources and services. These attitudes have been highly stable over time.

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	52	48	57	42	48	49	58	55
%4	28	29	27	38	36	25	33	26
%3	11	14	9	10	5	17	5	11
%2	7	8	5	10	11	7	4	4
%1 Strongly disagree	1	1	2	0	0	1	0	3

CHALLENGES AND STRATEGIES (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.
Trustees are aware of and understand the financial challenges confronting my institution.								
%5 Strongly agree	44	33	55	32	24	35	62	49
%4	34	38	29	41	40	41	26	33
%3	11	15	8	5	17	12	8	7
%2	7	10	4	23	13	8	4	4
%1 Strongly disagree	4	4	4	0	6	4	0	7
Greater transparency in campus decision-making will result in better financial decisions.								
%5 Strongly agree	27	34	21	29	22	39	22	23
%4	35	29	39	36	42	23	31	39
%3	19	20	18	10	21	21	23	15
%2	13	11	15	22	12	10	19	14
%1 Strongly disagree	7	7	7	2	3	7	5	9
Colleges should focus on financial issues (not ethical or political ones) when deciding how to invest endowment funds.								
%5 Strongly agree	27	24	29	23	18	28	19	38
%4	31	32	30	23	22	33	30	30
%3	26	29	24	33	39	26	26	23
%2	8	7	8	18	7	5	18	2
%1 Strongly disagree	8	9	8	3	15	8	7	7
I was well-informed about campus issues (including the campus culture and budget issues) before accepting the job of CFO at this institution.								
%5 Strongly agree	27	28	25	43	23	29	25	25
%4	29	32	26	30	25	33	30	26
%3	18	17	18	14	21	19	14	19
%2	14	14	14	10	20	10	11	13
%1 Strongly disagree	13	8	17	3	11	9	20	17

CHALLENGES AND STRATEGIES (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.
My institution makes efficient use of technology resources and services.								
%5 Strongly agree	13	11	14	10	5	14	16	14
%4	36	37	35	31	38	38	32	38
%3	30	29	30	26	30	30	25	32
%2	15	17	13	21	26	13	13	14
%1 Strongly disagree	6	5	7	12	1	5	13	1
Our current tuition discount rate is unsustainable.								
%5 Strongly agree	25	14	31	16	7	17	17	43
%4	23	17	25	11	29	13	31	25
%3	15	22	12	24	28	18	21	8
%2	23	30	20	26	24	33	23	13
%1 Strongly disagree	14	17	12	23	12	19	8	11
Faculty members are aware of and understand the financial challenges confronting my institution.								
%5 Strongly agree	7	6	8	0	6	6	4	12
%4	37	36	39	38	37	35	35	38
%3	30	27	32	33	24	28	36	33
%2	16	21	12	22	22	19	20	9
%1 Strongly disagree	9	10	8	8	11	11	6	8
Sustainability efforts at colleges and universities have provided significant financial benefits.								
%5 Strongly agree	7	7	7	12	10	7	5	8
%4	30	40	20	33	13	50	22	17
%3	30	28	32	23	40	23	32	30
%2	24	16	32	24	24	12	32	32
%1 Strongly disagree	10	9	10	7	13	8	8	13

CHALLENGES AND STRATEGIES (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.
My institution can make additional and significant spending cuts without hurting quality.								
%5 Strongly agree	6	7	5	5	8	8	7	4
%4	22	23	21	17	16	26	21	18
%3	30	30	30	24	25	28	24	31
%2	23	21	25	34	26	18	32	24
%1 Strongly disagree	19	19	19	19	26	20	17	23

Asked about 20 possible strategies for addressing revenue shortfalls, CBOs are most likely to indicate their institution will attempt to increase overall enrollment. Seventy-two percent strongly agree or agree their college will attempt to increase overall enrollment in the 2018-19 academic year, including 77 percent of those at private institutions and 65 percent of those at public institutions.

Majorities of CBOs also say their college intends to launch new revenue-generating academic programs (63 percent) and launch new master's degree programs (58 percent) to address budget shortfalls. Private college CBOs are also more likely than public college CBOs to say their college will pursue both of these strategies.

The next most common strategies are to explore collaboration opportunities for academic programs with other institutions (43 percent), enroll more full-pay students (39 percent), shift more undergraduate teaching to part-time or non-tenured faculty (39 percent), and eliminate underperforming academic programs (35 percent).

About one in three CBOs strongly agree or agree their institution will shift more instruction to a web-based model, explore collaboration opportunities for administrative services with other institutions, and reduce administrative positions.

The least common strategies include reducing pay for campus executives (9 percent), revising tenure policies (14 percent), cutting spending for intercollegiate athletic programs (19 percent) and shifting more undergraduate teaching to senior faculty members (20 percent).

Public and private institutions differ significantly on two of the less common strategies. Thirty-seven percent of private college CBOs, compared with 13 percent of public college CBOs, say their institution will lower the tuition discount rate. Twenty-eight percent of all CBOs intend to do this.

Also, nearly twice as many private college CBOs (34 percent) as public college CBOs (19 percent) strongly agree or agree their institution will add sports to increase enrollment. Twenty-seven percent of all CBOs say their college will add sports as a strategy for increasing enrollment.

CHALLENGES AND STRATEGIES (CONT.)

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 2018-2019 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	45	38	51	36	30	43	41	55
%4	27	27	26	50	33	24	29	27
%3	16	20	12	10	16	23	20	6
%2	10	12	7	5	17	11	9	8
%1 Strongly disagree	3	3	3	0	4	0	2	4
Launching new revenue-generating academic programs								
%5 Strongly agree	32	24	40	33	30	22	42	37
%4	31	34	28	50	35	32	34	28
%3	24	29	20	8	23	31	13	24
%2	9	9	9	5	12	10	10	8
%1 Strongly disagree	4	4	3	5	0	5	2	4
Launching new master's degree programs								
%5 Strongly agree	31	21	35	27	24	12	32	32
%4	27	27	26	33	35	0	37	20
%3	17	23	16	18	23	8	14	16
%2	10	10	10	15	13	0	12	11
%1 Strongly disagree	14	19	13	8	4	79	5	21
Exploring collaboration opportunities for academic programs with other institutions								
%5 Strongly agree	15	10	18	10	9	11	25	15
%4	28	32	25	29	28	32	13	31
%3	26	28	24	31	29	28	26	21
%2	19	17	21	18	18	16	18	23
%1 Strongly disagree	12	13	12	12	16	13	17	10

CHALLENGES AND STRATEGIES (CONT.)

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 2018-2019 academic year.

	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	17	17	17	8	17	19	9	24
%4	22	21	22	45	29	17	23	19
%3	31	28	33	27	21	27	32	31
%2	19	19	19	15	23	18	24	19
%1 Strongly disagree	11	15	8	5	10	19	13	6
Shifting more undergraduate teaching to part-time or non-tenured faculty								
%5 Strongly agree	14	12	16	17	7	11	8	23
%4	25	26	25	38	24	24	33	17
%3	28	31	24	25	36	33	19	25
%2	16	18	14	15	18	16	14	15
%1 Strongly disagree	17	13	21	5	15	15	26	20
Eliminating underperforming academic programs								
%5 Strongly agree	12	11	13	7	5	14	10	16
%4	23	24	22	11	13	28	24	17
%3	27	29	24	42	33	26	31	22
%2	20	18	22	33	30	12	22	21
%1 Strongly disagree	18	18	19	8	19	20	14	24
Shifting more instruction from a classroom-based to a web-based model								
%5 Strongly agree	9	7	11	3	5	7	15	9
%4	25	28	21	41	24	28	15	18
%3	34	40	28	37	33	41	32	28
%2	21	18	24	15	24	16	30	21
%1 Strongly disagree	12	8	16	5	14	8	9	24

CHALLENGES AND STRATEGIES (CONT.)

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 2018-2019 academic year.

	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.
Exploring collaboration opportunities for administrative services with other institutions								
%5 Strongly agree	12	9	16	8	15	8	17	16
%4	21	27	15	26	23	28	12	16
%3	27	24	30	25	29	20	32	30
%2	21	20	22	22	17	21	22	22
%1 Strongly disagree	19	20	18	19	16	23	17	17
Reducing administrative positions								
%5 Strongly agree	16	14	19	21	14	14	16	22
%4	15	14	17	21	18	13	15	20
%3	21	26	16	24	32	23	20	9
%2	22	20	24	20	16	22	28	20
%1 Strongly disagree	26	26	25	14	20	29	21	28
Lowering the tuition discount rate								
%5 Strongly agree	15	3	22	0	2	4	10	32
%4	13	10	15	23	12	7	27	10
%3	23	25	21	31	22	24	24	16
%2	27	30	25	23	35	31	24	22
%1 Strongly disagree	22	32	17	23	29	33	15	19
Promoting early retirement for faculty members								
%5 Strongly agree	13	11	15	3	8	13	17	15
%4	15	14	15	14	22	12	21	14
%3	27	26	28	33	15	27	16	29
%2	17	15	18	39	21	10	25	14
%1 Strongly disagree	29	33	24	12	33	37	22	28

CHALLENGES AND STRATEGIES (CONT.)

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 2018-2019 academic year.

	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.
Increasing teaching loads for full-time faculty members								
%5 Strongly agree	10	7	12	3	4	9	9	14
%4	18	19	16	22	22	19	13	17
%3	26	33	19	36	21	32	18	17
%2	18	16	20	26	20	15	20	19
%1 Strongly disagree	29	25	33	13	33	24	40	32
Adding sports to increase enrollment								
%5 Strongly agree	12	6	18	0	5	7	13	23
%4	15	13	16	10	19	12	26	12
%3	17	13	20	8	23	11	17	22
%2	14	14	13	5	9	15	11	16
%1 Strongly disagree	43	54	32	77	44	55	32	28
Promoting early retirement for administrators and staff								
%5 Strongly agree	9	11	8	7	7	14	5	9
%4	16	16	16	11	19	17	18	16
%3	24	24	23	33	23	23	24	22
%2	23	18	29	27	24	13	23	28
%1 Strongly disagree	28	30	25	22	27	34	31	25
Outsourcing more administrative services								
%5 Strongly agree	6	7	5	0	4	8	7	5
%4	18	15	21	31	6	17	16	24
%3	27	30	24	35	40	26	27	22
%2	29	25	33	21	26	25	32	34
%1 Strongly disagree	20	22	18	12	24	24	18	15

CHALLENGES AND STRATEGIES (CONT.)

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 2018-2019 academic year.

	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.
Shifting more undergraduate teaching to senior faculty members								
%5 Strongly agree	6	6	7	5	0	8	0	10
%4	14	17	12	10	27	15	16	11
%3	36	32	37	46	27	32	34	35
%2	23	18	27	23	29	9	35	26
%1 Strongly disagree	21	28	16	16	17	36	16	19
Cutting spending for intercollegiate athletic programs								
%5 Strongly agree	7	9	6	5	3	12	3	7
%4	12	7	17	14	13	4	9	22
%3	21	28	16	26	25	28	20	14
%2	27	26	27	23	25	28	33	21
%1 Strongly disagree	33	30	35	32	33	28	35	36
Revising tenure policies								
%5 Strongly agree	6	7	4	0	2	11	9	1
%4	8	6	8	5	2	9	5	11
%3	17	14	20	19	13	16	15	23
%2	18	15	20	10	27	12	17	19
%1 Strongly disagree	52	57	47	66	55	51	55	46
Reducing pay for campus executives								
%5 Strongly agree	3	2	4	0	0	2	0	7
%4	6	3	8	0	0	5	6	10
%3	14	12	16	25	14	11	18	16
%2	28	22	35	33	26	20	35	29
%1 Strongly disagree	49	61	37	43	60	61	41	38

CHALLENGES AND STRATEGIES (CONT.)

The same question about institutional strategies for closing revenue gaps has been asked in prior surveys of chief business officers. The rank order of items has generally been similar over time. Even though increasing enrollment remains the top strategy pursued by colleges, the percentage of CBOs who say their college is doing so is lower than in the past. After exceeding 80 percent in 2015 (82 percent) and 2016 (87 percent), the percentage has been closer to 70 percent the last two years (71 percent in 2017 and 72 percent this year).

This year's survey also saw a sharp drop in the percentage of CBOs who indicate their college will explore collaboration opportunities for academic programs with other institutions, from 63 percent a year ago to 43 percent this year.

In general, colleges that are in worse shape financially are more likely to pursue most of these cost-saving strategies. The biggest differences among CBOs who are not confident versus confident in their institution's financial sustainability in the next five years are in exploring collaboration opportunities for administrative services with other institutions (43 percent versus 28 percent) and in cutting spending for intercollegiate sports (28 percent versus 13 percent).

There are nearly as large differences in promoting early retirement for faculty members (36 percent to 22 percent), shifting more undergraduate teaching to part-time or non-tenured faculty (47 percent to 34 percent), promoting early retirement for administrators and staff (33 percent to 21 percent), increasing teaching loads for full-time faculty (34 percent to 23 percent), reducing administrative positions (38 percent to 28 percent) and reducing pay for campus executives (15 percent to 5 percent).

Despite these differences, the most common strategies are the same at institutions regardless of whether the CBO is confident or not confident about their college's financial outlook, including increasing overall enrollment, launching new revenue-generating academic programs and launching new master's programs.

INSTITUTIONAL DEBT

More than three quarters of CBOs, 77 percent, say their institution has an appropriate amount of debt. Fourteen percent believe their college has too much debt, while 8 percent believe their college should take on more debt. Private college CBOs are more than three times as likely as public college CBOs to say their college has too much debt, 22 percent to 6 percent. CBOs at public associate colleges are most comfortable with the amount of debt they have, as 88 percent describe it as an appropriate amount.

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?								
	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.
% Too much debt	14	6	22	18	12	3	28	22
% An appropriate amount of debt	77	83	72	74	63	88	67	72
% Should take on more debt	8	11	6	8	24	9	5	6

On average, CBOs say 4.8 percent of their college's operating budget is dedicated to debt service. As in last year's survey, the average is significantly higher for those at private institutions than for those at public institutions.

About one in three CBOs, 34 percent, say their institution's viability ratio — expendable assets divided by long-term debt — is higher than 0 but less than 1, indicating insufficient assets to cover long-term debt. Forty percent of private institution CBOs say their viability ratio falls in that range, compared with 25% of public institution CBOs.

Meanwhile, 32 percent of CBOs say their college's viability ratio is a healthy 2.0 or higher, including 36 percent of those at private institutions and 26 percent of those at public institutions. Thirteen percent of CBOs say their college carries no debt, with most of these working at public institutions.

	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 2017-18 operating budget is dedicated to debt service? Please provide your best estimate.								
Mean percentage	4.8	3.1	6.0	4.9	3.9	2.6	5.0	7.0
Median percentage	4.0	2.0	5.0	5.0	3.0	2.0	4.0	6.0

INSTITUTIONAL DEBT (CONT.)

	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.
What is your institution's current viability ratio (expendable net assets divided by long-term debt)?								
% 3.0 or more	15	13	16	17	5	15	16	16
% 2.0 to less than 3.0	17	13	20	6	18	12	21	18
% 1.0 to less than 2.0	21	25	19	37	38	21	25	18
% 0.5 to less than 1.0	21	15	25	37	12	12	20	30
% 0 to less than 0.5	13	10	15	3	15	8	17	13
% My college has no debt	13	24	5	0	12	32	1	4

ENDOWMENT INCOME

Many colleges use endowments to invest for the future but also as a source of revenue to finance current operations. Forty-five percent of chief business officers say they derive less than 5 percent of their current-year budget from endowments income. That does not include the 30 percent who say they do not use any endowment income on operations, which could indicate they do not have an endowment (nearly two-thirds of public associate CBOs fall in this category). Meanwhile, 12 percent of private institution CBOs say that 15 percent or more of their annual budget is funded by endowment income.

On average, CBOs estimate that 4 percent of their annual operating budget is supported by endowment revenue. The figure is higher at private institutions than at public institutions.

	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.
What percentage of your annual operating budget is supported by endowment revenue? Please provide your best estimate.								
None/0%	30	55	11	10	37	63	6	8
Less than 5%	45	41	48	75	56	35	67	42
5% to less than 10%	13	3	21	4	5	2	23	18
10% to less than 15%	5	1	9	7	3	0	1	15
15% or more	7	0	12	4	0	0	4	17
Mean percentage	4.0	1.1	6.3	3.5	1.5	0.7	3.8	8.4
Median percentage	1.0	0.0	3.0	2.0	1.0	0.0	2.0	5.0

Most CBOs who rely at least to some degree on endowment income to fund operations, 68 percent, expect the payout rate to stay the same over the next year. Nineteen percent expect to lower the endowment payout rate and 13 percent to increase it.

ENDOWMENT INCOME (CONT.)

At all types of public institutions, more than 8 in 10 business officers expect the payout rate to stay the same at their college in the next year. Private baccalaureate college CBOs, who on average estimate that 8.4 percent of their budget is funded by endowment income, mostly expect their payout rate to stay the same (60 percent) or be lowered (31 percent).

	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.
What do you expect your institution will do with its endowment payout rate over the next year?*								
% Lower the payout rate	19	5	24	16	9	0	18	31
% Keep it the same	68	83	63	80	81	83	66	60
% Increase the payout rate	13	12	13	4	10	17	17	10

* Asked of CBOs who say endowment income contributes to their college's annual budget (n=291)

TUITION FREEZES

Amid continued concern about rising tuition rates and the affordability of a college education more generally, many public colleges have instituted tuition freezes. Chief business officers are concerned about the implications of tuition freezes. Seventy-six percent believe that tuition freezes, absent more state appropriations, can damage public institutions. Forty-nine percent strongly agree with this idea, including 60 percent of CBOs at public institutions and 32 percent of those at private institutions.

Using a five-point scale, where 5 means strongly agree and 1 means strongly disagree, please indicate your level of agreement with the following statement.								
	All Institutions by Sector			Public			Private Nonprofit	
	All	Public	Private Nonprofit	Doctoral	Master's/ Bacc.	Assoc.	Doctoral/ Master's	Bacc.
Tuition freezes, absent more state appropriations, can damage public institutions.								
%5 Strongly agree	49	60	32	52	67	58	41	26
%4	27	24	31	30	24	24	37	32
%3	14	12	17	11	7	14	10	18
%2	7	1	15	0	2	0	9	17
%1 Strongly disagree	4	3	5	7	0	4	3	7

The tuition freezes are occurring at a time when state funding for public institutions appears to be stable. On average, CBOs report that about one-third of their 2017, 2018 and 2019 fiscal year budgets are, or will be, supported by state appropriations. Those estimates are slightly higher among CBOs at public master's and baccalaureate colleges (about 37 percent for each fiscal year) and significantly lower among CBOs at public doctoral institutions (between 22 percent and 24 percent).

TUITION FREEZES (CONT.)

	Public Institutions			
	All	Doctoral	Master's/ Baccalaureate	Associate
Did your institution freeze its tuition and fees for the 2017-18 academic year?*				
% Yes	24	28	16	24
% No	76	72	84	76
Is your institution freezing its tuition and fees for the 2018-19 academic year?*				
% Yes	23	29	20	22
% No	77	71	80	78
What percentage of your institution's operating budget is supported by state appropriations in each of the following fiscal years? Please provide your best estimates.*				
Fiscal year 2017 (mean)	34.0	24.4	37.2	34.8
Fiscal year 2018 (mean)	33.5	24.0	36.4	34.4
Fiscal year 2019 (mean)	33.2	21.6	37.3	34.3

*Asked of CBOs at public institutions

Public institutions that froze tuition in the current academic year are about as likely to freeze tuition in the coming year as to not freeze it. About one in seven public institutions that did not freeze tuition in the current academic year are doing so for the coming year.

Also, tuition freezes do not seem to be meaningfully related to how a college is doing financially. CBOs who are confident about their institution's financial sustainability in the next five or next 10 years are equally likely to report their college is freezing tuition as CBOs who are less confident in their institution's finances.

MULTI-CAMPUS SYSTEMS

Many public colleges and universities in the U.S. are part of multi-campus systems. This structure provides opportunities for the sharing of institutional functions and programs, which can result in cost savings for the colleges. Fifty-eight percent of CBOs at public institutions that were interviewed for this study said their college is part of a multi-campus system, with those at doctoral-level institutions most likely to say this.

	Public Institutions			
	All	Doctoral	Master's/ Baccalaureate	Associate
Is your institution part of a multi-campus system?*				
% Yes	58	76	67	53
% No	42	24	33	47

*Asked of CBOs at public institutions

CBOs whose college is part of a multi-campus system were asked whether their university system shares each of six different services or programs. The most commonly shared services across campuses, according to CBOs, are legal services (80 percent), enterprise computing systems (76 percent) and internal audit (72 percent). A slim majority say their university system shares human resources (52 percent), while fewer share academic program offerings (45 percent) and compliance (44 percent).

Those who indicated their college does not share a particular service were then asked if they think their system should share that service. These CBOs are more likely to say their college should consider, rather than not consider, sharing legal services, enterprise computing systems and compliance. CBOs divide evenly in whether their campus should consider sharing internal audit and human resources if their college is not doing so now, but are more inclined to say their college should not consider sharing academic program offerings than to say it should.

Does the university system to which your institution belongs share the following services?*				
Do you think your institution's system should consider providing the following joint services for your campuses and others in the system?*				
	Public Institutions			
	All	Doctoral	Master's/ Baccalaureate	Associate
Legal services				
% Yes, shares	80	77	86	79
% No, does not, should consider	12	15	5	15
% No, does not, should not consider	7	7	9	6

MULTI-CAMPUS SYSTEMS (CONT.)

Does the university system to which your institution belongs share the following services?*				
Do you think your institution's system should consider providing the following joint services for your campuses and others in the system?*				
	Public Institutions			
	All	Doctoral	Master's/ Baccalaureate	Associate
Enterprise computing systems (e.g., student information systems, financial reporting systems, etc.)				
% Yes, shares	76	47	85	80
% No, does not, should consider	15	42	8	12
% No, does not, should not consider	9	11	7	8
Internal audit				
% Yes, shares	72	71	82	69
% No, does not, should consider	13	19	8	13
% No, does not, should not consider	15	11	10	18
Human resources				
% Yes, shares	52	47	49	55
% No, does not, should consider	24	22	12	27
% No, does not, should not consider	24	31	39	18
Academic program offerings				
% Yes, shares	45	43	19	55
% No, does not, should consider	20	13	17	23
% No, does not, should not consider	35	44	64	22
Compliance (e.g., Title IX, biohazardous materials, counseling, etc.)				
% Yes, shares	44	30	24	53
% No, does not, should consider	32	36	27	32
% No, does not, should not consider	24	34	48	16

*Asked of CBOs at public institutions who are part of a multi-campus system (n=101)

INSTITUTION AND PERSONAL DEMOGRAPHICS

What is your age?	Overall %
Under 30	0
30 to 39	4
40 to 49	17
50 to 59	54
60 to 69	24
70 and older	1

What is your gender?	Overall %
Male	60
Female	38
Prefer not to answer	2

How many years have you served as the chief business officer at this institution?	Overall %
Less than 6 months	5
6 months to less than 3 years	34
3 years to less than 5 years	15
5 years to less than 10 years	20
10 or more years	26

How many years have you served as the chief business officer at any institution?	Overall %
Less than 6 months	3
6 months to less than 3 years	17
3 years to less than 5 years	7
5 years to less than 10 years	20
10 years to less than 15 years	18
15 or more years	35

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