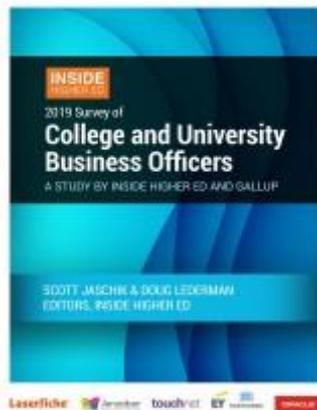




Drawdowns, Discounts and Downturns: What Keeps CBOs Up at Night



An *Inside Higher Ed* webcast
on the 2019 Survey of College
and University Business Officers
Tuesday, Aug. 6, 2019
2 p.m. Eastern

Presenters

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Methodology

- Questions prepared by *Inside Higher Ed*, in collaboration with Gallup.
- Polling conducted by Gallup in May/June.
- Results from 418 chief business officers; nationally representative.
- Complete anonymity for respondents, but answers coded to allow for breakdown by sector, etc.

How Confident Are You?

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 10 years. | | | | | | | | |
| %5 Strongly agree | 13 | 10 | 16 | 19 | 0 | 15 | 13 | 20 |
| %4 | 37 | 40 | 33 | 47 | 28 | 36 | 28 | 36 |
| %3 | 33 | 34 | 33 | 30 | 43 | 33 | 38 | 29 |
| %2 | 13 | 12 | 13 | 4 | 22 | 15 | 16 | 14 |
| %1 Strongly disagree | 4 | 3 | 5 | 0 | 7 | 1 | 5 | 1 |

Mergers and Consolidation

| | All | | Public | | Private Nonprofit | |
|---|------|------|--------|------|-------------------|------|
| | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 |
| “Serious internal discussion” about mergers | 17% | 12% | 9% | 9% | 23% | 12% |
| “Serious internal discussion” about administration/academic consolidation | 27% | 28% | 26% | 32% | 27% | 24% |
| How likely to merge? (% very/somewhat) | 11% | 6% | 8% | 6% | 12% | 6% |
| Should your college merge w/in 5 years? | 18% | 18% | 14% | 18% | 21% | 18% |
| Should your college share administrative functions? | 50% | 62% | 50% | 58% | 50% | 68% |
| Should your college share academic programs? | 53% | 66% | 55% | 65% | 51% | 70% |

Most Vulnerable Institutions

- Regional publics less confident in financial stability of institutions over a decade than counterparts in other sectors (28% vs. average of 62%). Also more likely to expect college to share academic programs or administrative functions in the next five years, and to say it *should*.
- CBOs at colleges in Northeast less likely to express confidence in financial stability (38% vs. 51%); more likely to have had internal discussions about a merger (19% vs. national average of 13%).



'The Danger of Inaction'

"Let's give it a name. It's called terminal financial decline. Let's give it a duration. It's got about seven to 10 years. Every choice we make has a consequence."



*--Dan Greenstein, chancellor,
Pennsylvania State System of Higher Education*

Warning Sign on Endowments

- One in six CBOs of colleges with endowment income -- 30% at private nonprofits and 47% at private baccalaureate colleges – acknowledged having drawn endowment funds in the past 12 months "over and above" normal spending policy.
- About half (51%) of those said they had drawn additional funds last year said the amount was between \$1 million and \$5 million; 25% said they had drawn between \$5 million and \$30 million over that time over five years.



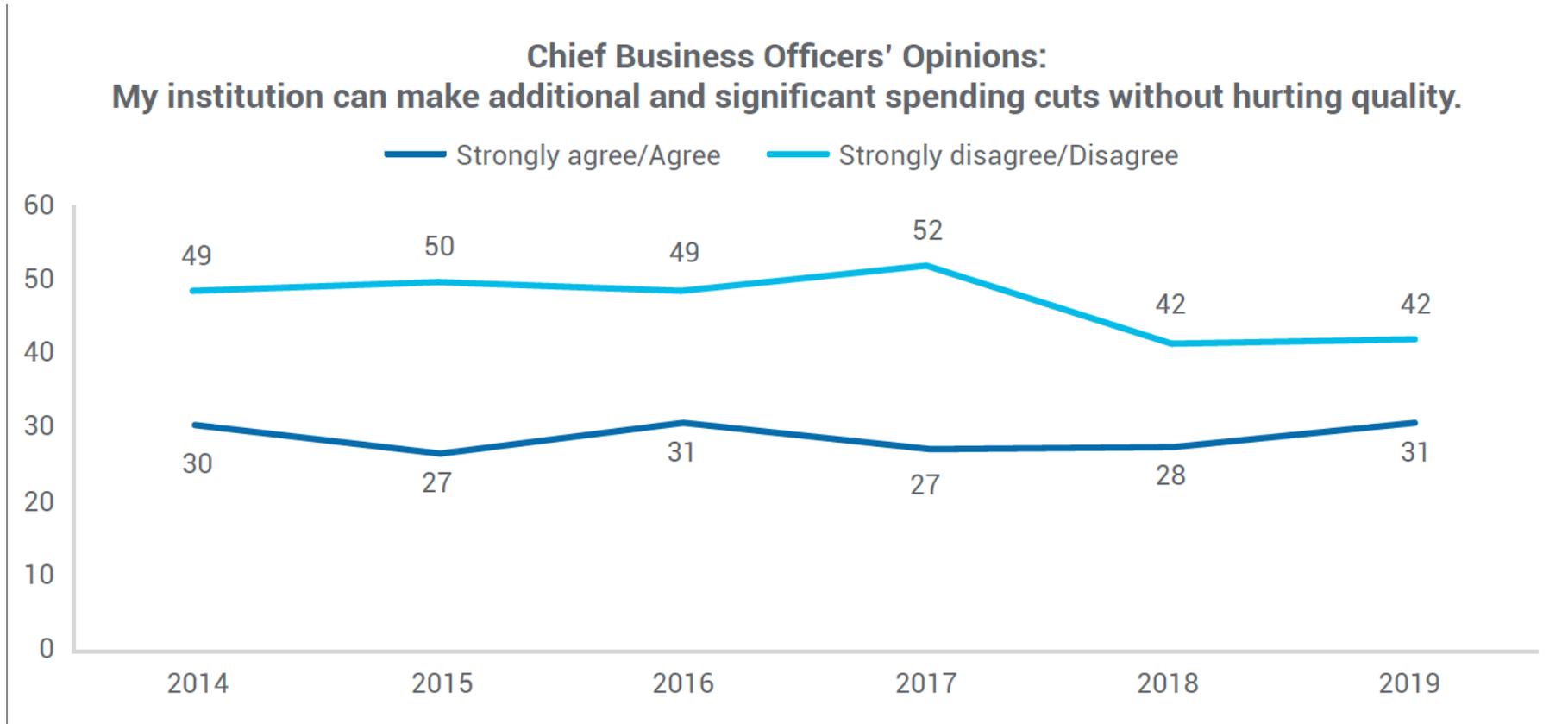
Culture and Decision Making

- 38% of all CBOs say officials at their college have “right mind-set to respond quickly to needed changes;” 30% disagree. 35% agree and 29% disagree they have “right tools and processes” to respond to needed changes.
- More business officers say they have data they need to make decisions – but numbers still low. 54% say they have what they need to decide which academic programs to eliminate or enhance; 52% say that about assessing efficacy of academic programs and majors.

Recession?

- 59% of business officers agree they are worried about impact an economic downturn could have on their institution; 17% disagree.
- Community college CBOs have least concern (47%). Private baccalaureate CBOs the most: 75%.
- More CBOs disagree (42%) than agree (31%) that their college can make meaningful cuts without impairing quality. Business officers at nondoctoral four-year public institutions feel most strongly that budget cuts would be damaging; 62% disagree with the statement, up from 52% in 2018.

Can We Cut Further?



Other Findings

- **Discount rates:** 38% agree discount rate is unsustainable; 37% disagree. Was 48% in 2018; back to where it was in 2016/2017.
- **Tuition resets.** 7% of CBOs said they had lowered published tuition rate, 23% have "considered doing so."
- **Alternative revenue sources:** 70% of business officers said their campus sees promise in alternative credentials; new programs for new audiences (49%) and expanded use of facilities (43%) also seen as promising.

For More Information

Article link:

<https://www.insidehighered.com/news/survey/survey-business-officers-finds-four-year-publics-see-peril-ahead>

Report download:

<https://www.insidehighered.com/booklet/2019-survey-college-and-university-business-officers>

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