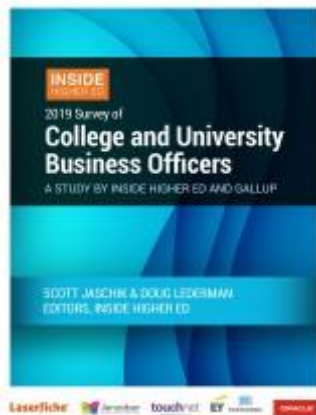




Drawdowns, Discounts and Downturns: What Keeps CBOs Up at Night



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

Presenters

Doug Lederman, editor and co-founder, *Inside Higher Ed*
doug.lederman@insidehighered.com

Scott Jaschik, editor and co-founder, *Inside Higher Ed*
scott.jaschik@insidehighered.com

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

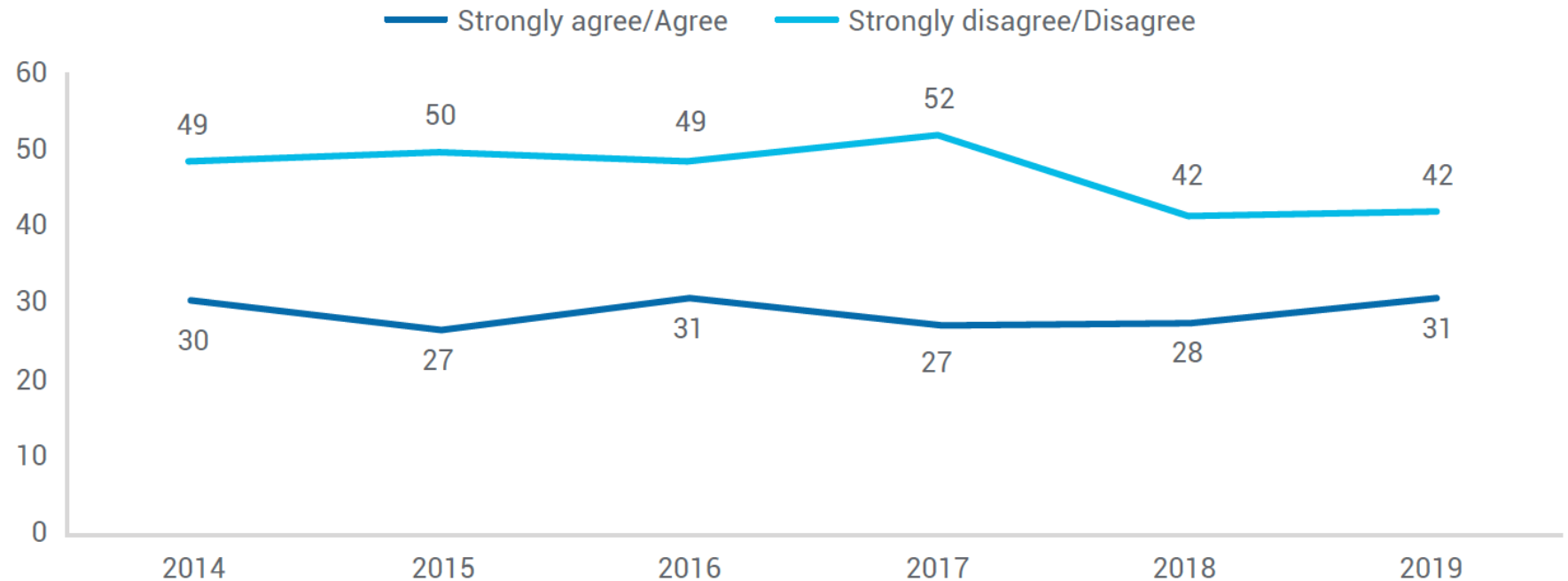
- 38% of all CBOs say officials at their college have “right mind-set to respond quickly to needed changes;” 30% disagree. 35% agree and 29% disagree they have “right tools and processes” to respond to needed changes.
- More business officers say they have data they need to make decisions – but numbers 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?

Chief Business Officers' Opinions:
My institution can make additional and significant spending cuts without hurting quality.



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>

Thank You

Laserfiche[®]



touchnet[®]
A Global Payments Company

