What Keeps Business Officers Up at Night

2022 Survey of College and University Business Officers
An *Inside Higher Ed* webcast
Aug. 10, 2022, 2 p.m. Eastern
Presenters

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Methodology

- Questions prepared by *Inside Higher Ed*, in collaboration with Hanover Research.
- Polling conducted in May/June.
- Results from 248 chief business officers; nationally representative.
- Complete anonymity for respondents, but answers coded to allow for breakdown by sector, etc.
Taking the Pulse on Financial Stability

I am confident my institution will be financially stable over the next five years. (n=238)

- Strongly disagree: 4%
- Somewhat disagree: 18%
- Neither agree nor disagree: 8%
- Somewhat agree: 37%
- Strongly agree: 33%

I am confident my institution will be financially stable over the next 10 years. (n=238)

- Strongly disagree: 5%
- Somewhat disagree: 16%
- Neither agree nor disagree: 15%
- Somewhat agree: 46%
- Strongly agree: 19%
### Year-Over-Year Changes by Sector

I am confident my institution will be financially stable over the next 10 years.

<table>
<thead>
<tr>
<th>% Strongly disagree</th>
<th>2021</th>
<th>2022</th>
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<th>2021</th>
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<tbody>
<tr>
<td>Public</td>
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<tr>
<td>Doctoral</td>
<td>6%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>6%</td>
<td>5%</td>
<td>1%</td>
<td>6%</td>
<td>10%</td>
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<td>Master's/Bacc.</td>
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<td>Associate</td>
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<tr>
<td>% Somewhat disagree</td>
<td>0%</td>
<td>5%</td>
<td>19%</td>
<td>27%</td>
<td>0%</td>
<td>17%</td>
<td>5%</td>
<td>17%</td>
<td>13%</td>
<td>13%</td>
</tr>
<tr>
<td>% Neither agree nor disagree</td>
<td>6%</td>
<td>11%</td>
<td>6%</td>
<td>15%</td>
<td>23%</td>
<td>13%</td>
<td>21%</td>
<td>16%</td>
<td>16%</td>
<td>17%</td>
</tr>
<tr>
<td>% Somewhat agree</td>
<td>63%</td>
<td>74%</td>
<td>56%</td>
<td>52%</td>
<td>64%</td>
<td>42%</td>
<td>41%</td>
<td>44%</td>
<td>39%</td>
<td>42%</td>
</tr>
<tr>
<td>% Strongly agree</td>
<td>25%</td>
<td>11%</td>
<td>19%</td>
<td>6%</td>
<td>14%</td>
<td>23%</td>
<td>28%</td>
<td>22%</td>
<td>26%</td>
<td>19%</td>
</tr>
</tbody>
</table>
Looking Back and Around the Corner

My institution is in better financial shape now than it was in 2019. (n=238)

- Strongly disagree: 10%
- Somewhat disagree: 14%
- Neither agree nor disagree: 11%
- Somewhat agree: 31%
- Strongly agree: 34%

My institution is in better financial shape now than I expect it to be a year from now. (n=238)

- Strongly disagree: 11%
- Somewhat disagree: 26%
- Neither agree nor disagree: 20%
- Somewhat agree: 32%
- Strongly agree: 10%

Source: 2022 Survey of College and University Business Officers
Reasons for Optimism and Pessimism

Why do you feel that your institution is in worse financial shape now than it will be a year from now? Please select all that apply. (n=89)

- Expectations that net tuition revenue will increase: 62%
- Expectations that enrollment will recover to pre-pandemic levels or even increase: 47%

Why do you feel that your institution is in better financial shape now than it will be a year from now? Please select all that apply. (n=101)

- The impact of inflationary pressures: 82%
- Funding from the American Rescue Plan will have run out: 66%
- Expectations that enrollment will be lower: 65%
Breaking Even

• 76% of CBOs reported positive operating margin in 2020-21
• About $\frac{3}{4}$ say the same about 2021-22 – but that drops below half without federal recovery aid.

<table>
<thead>
<tr>
<th>How likely would your institution be to achieve a positive operating margin in the 2021-22 fiscal year if you excluded federal recovery dollars?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>All Institutions, by Sector</strong></td>
</tr>
<tr>
<td><strong>Public</strong></td>
</tr>
<tr>
<td>---</td>
</tr>
<tr>
<td>% Not likely at all</td>
</tr>
<tr>
<td>% Not too likely</td>
</tr>
<tr>
<td>% Somewhat likely</td>
</tr>
<tr>
<td>% Very likely</td>
</tr>
</tbody>
</table>
In 2020, Envisioning ‘Transformation’ ...

<table>
<thead>
<tr>
<th>Which of the following most closely reflects your institution's future in relation to the COVID-19 pandemic and economic recession?</th>
<th>All Institutions, by Sector</th>
<th>Public</th>
<th>Private Nonprofit</th>
<th>Doctoral</th>
<th>Master’s/Bacc.</th>
<th>Assoc.</th>
<th>Doctoral/Master’s</th>
<th>Bacc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Return to normal: My institution can ride out the current difficulties and return more or less to normal operations within 12-18 months.</td>
<td>26</td>
<td>30</td>
<td>23</td>
<td>21</td>
<td>32</td>
<td>34</td>
<td>23</td>
<td>25</td>
</tr>
<tr>
<td>% Shrink institution: My institution should use this period to tighten its focus to come out of the recession smaller but better.</td>
<td>6</td>
<td>3</td>
<td>8</td>
<td>0</td>
<td>3</td>
<td>5</td>
<td>7</td>
<td>11</td>
</tr>
<tr>
<td>% Reset for growth: My institution should use this period to focus more on what it does best so it can invest and grow in those areas once the recession ends.</td>
<td>21</td>
<td>19</td>
<td>23</td>
<td>36</td>
<td>21</td>
<td>14</td>
<td>24</td>
<td>25</td>
</tr>
<tr>
<td>% Transform institution: My institution should use this period to make difficult but transformative changes in its core structure and operations to better position itself for long-term sustainability.</td>
<td>47</td>
<td>43</td>
<td>46</td>
<td>43</td>
<td>44</td>
<td>47</td>
<td>46</td>
<td>33</td>
</tr>
</tbody>
</table>
... While In 2022, Most See a ‘Return to Normal’

Which of the following outcomes most closely reflect your view of how your institution will continue responding to the COVID-19 pandemic and economic recession? (n=234)

- **Returned to normal:** My institution has ridden out the difficulties and returned more or less to normal operations. 50%
- **Reset for growth:** My institution has used this period to focus more on what it does best so it can invest and grow in those areas when the pandemic ends. 28%
- **Transformed institution:** My institution has used this period to make difficult but transformative changes in its core structure and operations to better position itself for long-term sustainability. 16%
- **Shrank institution:** My institution has used this period to tighten its focus to come out of the recession smaller but better. 4%
- **I don’t know/Does not apply** 3%

[Chart showing the distribution of responses]
Responses to the Pandemic

• Half had increased tuition
• 45% had increased grant aid
• 35% had extended test-optional admissions

• 12% altered plans to build new facilities
• 9% had increased faculty teaching loads
Collaborate or Go It Alone?

• 9% of CBOs say leaders at their institution has seriously discussed merging in last year.
• 16% say their institution should merge with another college within five years.
• 41% say institution is likely to share administrative functions; 30% say likely to combine academic programs
• 45% say institution *should* combine academic programs with another college in next five years
Focus on ‘Academic Continuity’

Which of the following best describes your institution when it comes to each of these plans?

- My institution... 
  - had this plan in place before the pandemic began.
  - created this plan after the pandemic began.
  - does not have this plan in place but intends to create one in the future.
  - does not have this plan and does not intend to create one in the future.

**Academic continuity plan (n=228)**

- 26%
- 55%
- 14%
- 6%

**Business continuity plan (n=228)**

- 60%
- 19%
- 18%
- 4%
Other Highlights

• **Endowment growth and changes.** CBOs with endowments said their funds grew significantly (22%) or somewhat (38%) in the last year. 14% said their institution had withdrawn funds from its endowment over and above the levels called for under its normal spending policy.

• **Impressions of other campus leaders.** CBOs more likely than presidents to strongly agree that trustees “are aware of and understand the financial challenges” facing the institution (54% versus 38%); less likely to say that about other senior administrators (59% versus 70% of presidents). About half say faculty members understand the financial challenges.

• **Data and analytics as a tool (and impediment).** Roughly 6 in 10 chief business officers say their institution has the data and other information it needs to make informed decisions in a range of areas on their campus.
Thanks