

Leading in a Recession: A 2009 Higher Education Action Plan

"Generations of people don't get to pick their challenges. We didn't pick this time; we're here when we're here. Some institutional leaders can rise to these challenges, grab hold of them, and accomplish things that are extraordinary. That is the job before us."

– Jim Thompson
Senior Vice President and
Chief Advancement Officer,
University of Rochester

Though often considered counter-cyclical, the higher education sector has been deeply and broadly affected by the financial crisis. To help make sense of this complex crisis and its impact on colleges and universities, Eduventures conducted interviews with some of higher education's leading thinkers to learn from their experiences and about their plans for the future. We spoke with provosts, chief development officers, enrollment management executives, and presidents. We talked to representatives of for-profit and non-profit, two-year and four-year, public and private, large and small institutions.

We asked about leadership, priorities, and the role of higher education in an economic crisis. This paper weaves some of the most insightful comments from our interviews into a 2009 timeline for university leaders and can serve as a reference and planning document as this highly anticipated year unfolds.

THE CALENDAR IS SET. LET'S USE IT.

As the panic of the fall subsides and the reality of a recession sets in, you have a distinct opportunity to wrestle control of your institutions from the grip of the financial headlines. Counter-cyclicity may not be ensured for higher education this time, but the higher education model presents opportunities that are not available on Wall Street. This model builds in space to plan, to regularly track indicators, and to identify and address risks in advance. Strong leaders will purposefully and strategically guide their institutions through this recession.

WINTER: EVALUATE, PLAN, ACT

- Measure stop-outs
- Plan for cuts
- Evaluate programs

The winter provides an opportunity to use early indicators to make smart, long-term plans. Take this time to measure those indicators and make plans for future assessment and decision points. An early indicator of how the economy will impact your enrollment is the percentage of students who stopped out over winter break. Survey those students and commit to achieving a high participation rate. Identify the tipping point: What specific combination of criteria led to their decisions? Survey your enrolled students and identify those with similar responses. Develop a plan for intervening to keep them enrolled.

An increase in student attrition is just one of the possibilities to consider. Sit down with your leadership team and brainstorm for a tough year. What will you do if enrollments decrease by 5%? What if the endowment shrinks another 15%? How will the new stimulus plan affect your state and institution? Jack Wilson, President of the University of Massachusetts, recommends highly conservative planning: "When the state cut 5% of our budget, we began to make plans for cuts of at least three times that." While reductions at this level might never materialize, worst-case scenario plans ensure that decisions made under "surprising" conditions have been rigorously assessed in advance.

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Knowing that this year will require you to make difficult decisions, use the winter to establish consistent and transparent processes for evaluating degree programs as well as long-term expectations for all programs on campus. Ensure that broader institutional success is a part of every degree program's mission and goals. According to Jonathan Cole, former Provost at Columbia University, "This is an opportunity for university leaders to take a very careful look at the relevancy, importance, and cost of various programs, to think about ways in which they can cut costs." Political and nostalgic arguments for maintaining legacy and low-enrollment programs lose a lot of their strength when the university itself is struggling. Joe Cronin, former President of Bentley College, argues that most people understand that "reductions and cuts must be made, and the weakest programs are easier to phase out in bad times." Begin targeted actions to eliminate, reduce, and combine programs that do not meet standards.

Remember that an effective strategy is not only about reductions. Strategically re-allocating funds over the year will be crucial to meeting the changing demands of the market and to re-aligning your institution with regional needs. Use the example of Northern Kentucky University, which prepared for 12% budget cuts, but ultimately only received a 6% reduction. Administrators at the institution moved forward with their plans for cost containment and re-invested the saved money in math, science, and nursing programs that are considered institutional and state priorities.¹ Rising unemployment and new federal stimulus funding will create a need for adult re-training and education, for example. Conduct market research to determine if and how you can develop new programs to meet these needs.

¹ Stripling, Jack. "On a Mission." Inside Higher Ed. November 6, 2008. <http://www.insidehighered.com/news/2008/11/06/kentucky>

SPRING: FOCUS ON STUDENTS

- Assess retention risk and target at-risk students
- Encourage enrollment by supporting admitted students
- Prepare seniors for success in their job searches
- Align faculty and student success

The spring of 2009 should belong to your students. Those that you admitted will likely need more counseling regarding financial aid and assurances that the investment is worthwhile. Many of your current students will be actively engaged in conversations with their parents about whether they can afford to return next year. Your seniors are being sent out into one of the worst job markets in recent memory—ensure that they are strong competitors for the positions that are available.

For many students this year, acceptance letters will bring both relief and anxiety. As parents' savings accounts shrink and jobs disappear, plans for paying for college that were realistic in mid-2008 might no longer be feasible. In a recent Eduventures survey of 7,000 parents of college freshmen, approximately a third of parents reported that they would have difficulty financing their child's education this year. Many of them had no plan in place to mitigate their growing financial challenges. Help those parents to develop and activate a Plan B. Invest strategically in financial aid coaches, Web sites, and hotlines to make sure that admitted students who want to enroll have easy access to all of the resources available to them.

The uncertainty about yield this year will be exacerbated by a risk of increased attrition. We regularly conduct surveys and analyze data for our clients to identify the individual students and groups that are at risk for attrition. In times of cost-cutting, efficient outreach to these at-risk students is crucial. Our clients find that identifying and implementing relevant peer best practices can help to ensure that efforts and resources are wisely allocated to achieve the highest impact.

Retention is not your only challenge with current students. Your graduating seniors will need extra guidance and support as they enter the job market, and job placement rates will be key indicators of an institution's value for prospective and current students. Consider developing a spring program for seniors that trains them on interview skills, resume development, and cover letter writing. Connect your seniors to your alumni network. Help them verbalize how their undergraduate education has prepared them to be valuable employees. Remember that your graduates are your most important ambassadors to the world—if they can clearly articulate the value of their education to prospective employers, they can do the same to prospective students.

Finally, the spring is also an opportunity for internal evaluation of faculty. Jack Wilson notes, "I see faculty as assets, not liabilities. Faculty are like partners at a law firm. They bring in more than they cost, in terms of students, research, and philanthropy." However, faculty are a significant percentage of any institution's budget, and as such should be expected to participate in carrying the school through difficult times. Establish faculty goals for 2009 that align their success with that of the institution. (These goals need not be eliminated when the economy rebounds.) Jonathan Cole argues that a strong leader will include faculty in discussions about increasing efficiency "in a way that not only informs the faculty but also enlists them in the effort." For example, encourage increased student-faculty interactions to increase retention, especially for first-year students. Ask that faculty integrate professional and career development opportunities into their courses—a priority for millennial students.

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SUMMER: FOCUS ON INSTITUTIONAL STABILITY

- Reduce melt and attrition
- Develop strategic plans

This year, the summer months should consist of strategic planning and proactive efforts to reduce melt and attrition. In the spring you should have identified which students were at risk for attrition. Continue to work with them over the summer months. Consider partnering with a local community college, and let at-risk students take a semester or two of courses there but continue to live in your dorms. Increase online programming to make retention an option for students who have to live at home.

As for the students who have committed to joining your fall freshman class, stay in touch with them. Host regular conference calls, develop online groups, and ensure that your staff members are available to address challenges that come up as students prepare to matriculate in the fall. Finally, expand opportunities for students to receive credit through work, as parents report that their children will have to assume more financial responsibility for their education.

The summer is also a time to define strategic priorities and objectives and plan for the upcoming calendar year. These priorities should be integrated into expectations of all programs and faculty members, and should drive many of the difficult decisions you will have to make. Use the data you already have in-house (e.g., winter stop-out rates, yield, application rates, financial aid requests) to identify internal strengths and weaknesses. Additionally, look beyond the institution—at the stimulus package, labor market changes, trends in philanthropy—to identify the biggest risks and rewards for the 2009-2010 year. How can you develop strategies to minimize the risks and reap the rewards, all the while staying true to your mission? Objective third-party analysis can help to navigate the wealth of data that you have and guide you toward the most important strategic opportunities for the coming year.

FALL: IMPLEMENT NEW POLICIES AND RECRUIT NEXT YEAR'S CLASS

- Support community during transitions
- Collect data for enrollment management efforts

The fall will likely be a challenging time of adjusting to changes on campus. People in programs and departments that have been downsized will be figuring out how much they can still do well. This

As for recruiting next year's class—survey, survey, survey!

environment can easily lead to (or increase) competition between academic departments and administrative divisions. According to Anne Huot, Provost of SUNY Brockport, a strong leader will "talk about unifying and coming together to solve the problem. We have to join hands and not get into a scenario where it's the haves versus the have-nots." This is a time for university executives to set shared goals for the institution. At the same time, be prepared to bear the brunt of the inevitable difficult decisions. According to David Cohen, former Provost of Northwestern University, "The faculty will not want to make the final choices; you have to be willing to take the heat."

As for recruiting next year's class—survey, survey, survey! Ask the students who showed up why they did. Track down those who didn't—both admitted freshmen and older students who did not return. Find your graduated students—do they have jobs? How much do they make? Survey your students' parents and ask them about their plans. The next few years will doubtless be unique and difficult to predict, but gathering this type of data will enable you to make evidence-based decisions about your strategic enrollment management efforts.

YEAR-ROUND: DEMONSTRATE LEADERSHIP AND COMMITMENT TO THE MISSION

The higher education calendar can serve as a roadmap for this otherwise unpredictable year. However, endowment losses, changes in enrollment, reductions in state support, and other consequences of the financial crisis will have a long-term impact on the institution. Certain attributes of strong leadership will be required consistently throughout the next few years.

First: Take Advantage of the Moment

Many of our interviewees commented on the fact that this crisis represents both a challenge and an important opportunity for college leaders. According to Mabel Freeman, Assistant Vice President for Undergraduate Admissions and First Year Experience at The Ohio State University, "The strong institutional leader will figure out where are the opportunities right now." These opportunities need not be new, however. This climate can allow institutional leaders to reinforce priorities and reign in mission-creep. "In moments like this, a university leader is required to make choices," says Robert Lapiner, Dean of the New York University School of Continuing and Professional Studies. "History shows that some institutions emerge competitively stronger after a crisis. In fact, whatever the present challenges, there are also opportunities for desirable strategic redirection."

Then: Protect Quality by Building an Evidence-Based Culture on Campus

A strong leader will be willing to make tough decisions, but never put the core components of an institution's mission at risk. "Strong leaders will be decisive and execute cost reductions," says David Cohen, "but you have to do this within a context where you continue to demonstrate to the enterprise that you understand the values and culture of institution, and that you're doing everything you can to protect them."

Now is not the time to make decisions based on anecdotes; make sure that you are armed with objective data and thorough research to support and drive your strategy. This will help to prevent quick fixes that might ultimately threaten key components of the institution. For leaders of those divisions of the university that might be at risk, build up a cache of information to make your case.

Margaret Barr, former Vice President of Student Affairs at Northwestern University, argues that "it behooves student affairs to be gathering data about the impact that their services have on recruitment and retention of students."

Summer sessions are another easy target for reductions, but should be rigorously assessed before being cut. Ron Wasserstein, former President of the North American Association of Summer Sessions, explained the complexity of decision-making around this topic:

"I am concerned that institutions will try to save money by reducing their expenses during summer sessions. The logic behind this is understandable but wrong. Many institutions operate on the idea that even though it looks like we're making money on summer session, really we're not because students would take those hours at other times, so you're just pulling money away from the regular semester. I've never seen any data to support this. If you don't offer courses in the summer, students stretch out their education. Every month that they have to extend their education is another opportunity for life circumstances to lead them to drop out. Summer sessions allow room in your system for continual progression toward graduation. It's not easy money to cut—it will have long-term consequences on retention, graduation, and the bottom line."

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Finally: Demonstrate Responsible Stewardship

Bruce Figueroa, Division Executive of the Healthcare and Non Profit Division of Citizens Bank, indicates that banks will evaluate institutional expenses and allocations more closely than they have in the past: "We know that enrollment and student aid will be under pressure, so we know that institutions will need more liquidity and will have to make tough decisions. We're looking more closely at the expense side than we have in the past. We want to know our clients are on top of things." Faculty and administrators will also begin to look for institutional stability in their job searches. According to John LaBrie, Assistant Professor of Higher Education at Simon Fraser University, "Faculty got used to negotiating big salaries and they would go to the institution with the highest salary. Faculty today will look at stability ... the initial salary might not be as important... The projection of confidence by the president and the provost will make a big difference."

With this new reality in mind, demonstrating that costs are at a minimum and investments are strategic will be a key factor in securing financial support this year. Invest resources in areas that will deliver revenue, such as development offices, continuing education, and high-growth majors and degree programs. Consider growing or developing online programs to meet regional needs at a low overhead cost. Invest in co-curricular programming that has a measurable impact on student retention. While, as Anne Huot says, "it's hard to sell investing in anything when you're cutting almost everything," making across-the-board cuts can be detrimental to the institution's long-term success. According to Jim Thompson, "There are examples in higher education where cuts are made to revenue centers during difficult times, and this becomes a self-fulfilling spiral." One of the most important ways to avoid this classic case of buying high and selling low is to benchmark against peers to identify specific areas for investment and divestment.

HIGHER EDUCATION A PUBLIC GOOD? PROVE IT.

"We must not lose sight of the fact that it's more important than ever to get even more people into college. We cannot turn our backs on that reality."

– Mabel Freeman
AVP for Undergraduate Admissions,
The Ohio State University

The financial crisis marks an important moment for U.S. higher education, even if it will push some individual institutions into precarious situations. Education level continues to be directly correlated with lifetime earnings, and increasing the percentage of American adults with postsecondary education will be crucial to rebuilding our economic stability. According to Jack Wilson, "The path to social and economic development goes through the public research universities. This is the time to gear up on research for social change and for economic success."

"Now is not only about calculating your costs, but also about calculating your value."

As state and local aid is reduced and institutions are asked to do more and more with less, however, the need to calculate and publicize the value of higher education in America increases. Sharon Robinson, President and CEO of the American Association of Colleges for Teacher Education, claims that "now is not only about calculating your costs, but also about calculating your value." By calculating value, rather than number of students or courses, you can help avoid the challenge that

Charlene Nunley, President Emerita of Montgomery College, highlights: "There's always this practical thought that higher education leaders have to face, which is: What message do we send to our legislators if we serve every student who comes to us with less and less money?" Demonstrating that students (and by extension, the American economy) get *less with less* could go a long way in building the case for more public support of higher education. Consider partnering with other institutions in your area to conduct a regional assessment of higher education's impact.

CONCLUSION

While the breadth and depth of this financial crisis may seem paralyzing, campus leaders can take advantage of the academic calendar to make smart and purposeful decisions to ensure their institution's stability and success. The crisis will present challenges—and opportunities—for every institution.

Eduventures has worked in the education sector for more than 15 years. Today, Eduventures partners with more than 300 institutions of higher education to deliver the research and strategic guidance necessary to support strong decision-making on campus. By supporting each of our clients in the broad challenges they face on campus, we have become the industry leader in higher education research and consulting. Please contact us at info@eduventures.com for more information about how we can help you.

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