April 2002 Survey

TO: League Alliance CEOs

FROM: Mark David Milliron
President and CEO

RE: Survey Results: *What Do CEOs Want to Know About . . . Budget Issues*

DATE: May 23, 2002

Enclosed are the results of our quarterly survey of League Alliance CEOs about Budget Issues. Thank you for your good insights.

Here are some highlights of the findings:

- Compared to last year's 2000-2001 budgets, 64% of college CEOs reported an average 6% 2001-2002 budget increase, 21% reported an average 6% budget decrease, and 15% reported no change in their budgets.
- While CEOs reported that almost half of their current budgets come from state funding, 43% of CEOs reported an average decrease of 5% in state funding compared to last year.
- In order to achieve the budget increases reported—and to compensate for lost state funding—56% of CEOs reported they have increased tuition, 56% have increased marketing efforts, 44% have initiated or increased entrepreneurial activities, and 40% have increased fees.
- In order to reduce expenses in the current fiscal year, 42% of college CEOs reported that they are reducing employee numbers by attrition, 34% reported that they have reduced employee travel, and 29% are in a travel freeze.

The areas or cost centers that CEOs believe will face the greatest future challenges include low enrollment, high-cost programs, facilities/maintenance, and technology.

We hope that you find these data useful, and thank you for your responses and continuing interest in the CEO survey service!

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What Do CEOs Want to Know About. . .

BUDGET ISSUES?

A Quarterly Survey of League Alliance CEO's.

This survey is based on topics submitted by your fellow CEOs as part of the League Alliance CEO survey service.
A summary of findings will be mailed directly to all Alliance CEOs, but all individual responses will be held in the strictest confidence.

1. How does your overall FY 2001-2002 budget compare to last year's (FY 2000-2001) budget?

21% of colleges reported an average **6% decrease** **15%** of colleges reported an **even** budget **64%** of colleges reported an average **6% increase**

2. Please note the percentage of your institutional budget from the following sources:

FEDERAL: **5%** STATE (PROVINCE): **49%** LOCAL: **18%** TUITION: **21%** OTHER: **7%**

3. How does your current (FY 2001-2002) state funding compare to last year's state (province) funding?

43% of colleges reported an average **5% decrease** **22%** of colleges reported an **even** budget **35%** of colleges reported an average **6% increase**

4. How does your current (FY 2001-2002) local funding compare to last year's local funding?

7% of colleges reported an average **4% decrease** **30%** of colleges reported an **even** budget **63%** of colleges reported an average **6% increase**

5. How does your projected institutional budget for next year (FY 2002-2003) compare to this year's (FY 2001-2002) budget?

25% of colleges reported an average **6%** **decrease** **20%** of colleges reported an **even** budget **55%** of colleges reported an average **4% increase**

6. Which, if any, of the following REVENUE REDUCTIONS has your institution experienced this current fiscal year?
(*Check all that apply*)

3% Enrollment decline
9% Decreased donations
41% Decreased operational funding
47% Unfunded enrollment increases
57% Decreased interest income
20% Decreased capital funding
11% Decreased grant funding
7% Decreased student services funding
6% Other

7. What steps has your institution taken to REDUCE EXPENSES in the current fiscal year?
(Check all that apply)

19% Reduced course offerings
34% Reduced employee travel
29% Hiring freeze
7% Reduced hours of operation
15% Employee layoffs
18% Flat budget reduction across all areas
4% Enrollment limits
42% Employee reduction by attrition
44% Differential budget reductions
14% Other – enhanced retirement program, froze open positions, closed child development center, reduced positions through attrition, energy mgt. controls, re-negotiated service contracts, increased class size and use of adjunct faculty, suspended equipment purchases, reduced program hours, completed construction

8. What steps has your institution taken to increase revenue in the current fiscal year?
(Check all that apply.)

56% Increased tuition
41% Increased grant applications
11% Increased or new tax levy
40% Increased fees
33% Increased donation solicitation (in-kind or financial)
56% Increased marketing efforts
34% Increased contract education
44% Initiated or increased entrepreneurial activities
7% Other – new program offerings, increased enrollment, increased productivity

9. What institutional areas or cost centers do you believe will face the greatest funding challenges in the near future?

Staffing – 11% **Technology** – 19% **Insurance** – 9% **Maintenance** – 22% **Utilities** – 4% **Facilities** – 8%
Student Services – 18% **Instruction** – 7% **Administration** - 6% **Capital Projects/Outlay** – 5% **Grants** – 4%
Programs – 30% (general – ie. athletics, allied health, etc., low enrollment, high demand instruction or cost)
Auxiliary Services – 4% **Workforce Development** – 4%

Other areas mentioned – contract training, non-enrollment activities, data processing, state funding, & employee compensation

10. Other comments: (comments from several colleges)

We need to convince our funding agencies of the importance of CCs to the local economy (state level), state must fund 100% of growth, property tax backfill must be guaranteed, all segments of public education are having to do more with less, health insurance costs are soaring, and we must become more entrepreneurial and self supported.

Thank you for taking the time to complete this survey
Survey #21: BUDGET ISSUES