A University Plan to Address

Current National Economic Realities

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Office of the President

Current Economic Realities Affecting Higher Education

As in other sectors of the economy around the world, reliance on debt is being pushed to its limit. Colleges have proved to be adaptable and creative in response to changing economic circumstances by diversifying their source of revenue, though whether colleges can find a new source of support during a recession not already tapped is far from certain.

As costs rise, it may force students to shift from more expensive to less expensive institutions regardless of “fit”. In response, students will probably apply to more colleges and shop around for the best financial aid package.

If history proves true, colleges will find ways to absorb the change, adapt as necessary, and higher education will continue to be a vital enterprise for millions of citizens who depend on it.

Some institutions are enacting hiring freezes and suspending building projects that have not already been approved.

Private colleges are considering dipping into their endowments to increase student aid and counter a growing scarcity of student loans.

The national economic crisis will not affect higher education evenly, there will be winners and losers. Advantaged will be well-off private colleges with large endowments and public universities in energy-rich states. Harder hit will be less-selective private tuition-dependent colleges especially in states like California where the financial outlook is already grim.

To weather the storm, universities must be prudent while at the same time reinvesting in turbulent times...it could be a mistake to have a “hunker down” mentality. We will focus on what we do best; return to our basics, and focus on our core competencies.

At the same time, colleges historically have been amazingly resilient.

Donations typically slow down in a recession or stock market drop, but they recover quickly.

Donors will continue to give, but it may take them longer to fulfill their pledges.

Colleges are also adjusting their predicted returns on endowments, which have long gone to fund budgeted programs.

Private colleges may lose ground to more affordable public options such as community colleges.

Campus leaders are taking a posture of hoping for a best-case turn-around but preparing for the worst-case scenarios.

Biola University President’s Overview

Global economic conditions continue to present serious challenges, and most financial forecasts are anticipating this recession will continue for some time. Biola University, as is true throughout higher education today, needs to respond in a wise, prudent and thoughtful way.

In recent years we have had a strong financial position. We have operated with financial strength and fundamentally Biola remains in a strong financial position.

As we prepare for the spring semester and the 2009-2010 academic year, we do so with a sensitivity and responsiveness to the potential impact the economy is having on Biola’s students and their families we serve and the University itself and its employees.

We are implementing budget reallocations as precautionary measures as we strive to minimize any possible negative effect they may have on the quality of our programs and the services we provide.

Biola’s Philosophy

The economic crisis can become our finest hour as we position Biola University for long-term biblical leadership, as we refocus on the core areas of our strength and as we trust in a generous God for His help through challenging times. We will emerge from this a stronger University than we have been before and continue the momentum from century one into century two.
UNIVERSITY PRIORITIES

1. We will provide our students with continued high levels of educational quality, even increasing that quality.
2. We will not retrench on our core priorities and strategic initiatives, focusing even more so on what we do well.
3. We will exercise fiscal restraint through making precautionary decisions now – there is a significant cost of inaction.
4. We will work to preserve jobs within the Biola community.
5. We will thoughtfully identify and prune appropriately areas that can be deemed as less than essential to our mission.
6. We will openly communicate planning so that no one of interest is unaware…we cannot over-communicate and we cannot under prepare.
7. We will pray with earnest and trust the Lord will honor and protect Biola as we maintain our strong biblical convictions.

CAUTIONARY MEASURES & ACTIONS

These following cautionary measures will begin in this current 2008-2009 year in anticipation of continued global economic uncertainty.

1. Biola established a Student Economic Crisis Response Council. They are working with students and families currently experiencing significant financial loss and who are anxious about affording a Biola education next semester. We may need to reallocate resources to financial aid for students in jeopardy.
2. A new Student Emergency Relief Fund has been established to assist students facing economic distress as a direct result of the economic crisis. This fund is set up for donations and will operate as donations are made.
3. In anticipation of greater financial need among our students and their families as well as the possible ripple effect throughout Biola’s budgeting process, we will curb spending for the remainder of this fiscal year including a temporary hiring freeze of all unfilled, non-faculty budgeted positions, until we have a better idea of Biola’s spring enrollment and the national economic impact.
4. While Biola continues to work assertively to attain a long-planned modest increase in enrollment for Fall 2009, it is prudent we create various budget models in light of the challenging economic environment.
5. We will remain on track with our university planning and will see this economic crisis as an opportunity to take advantage of new ideas we otherwise may have been too comfortable to risk.
6. For the foreseeable future, the President’s Office will communicate on progress and updates to this plan through the Biola website, the president’s webpage, special meetings and campus memos as needed.

For information and communication regarding this plan, please visit this new website: www.biola.edu/economy