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Strengthening Academic Programs with Proactive Fiscal Management and Other Innovative Strategies

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Conclusion

Price pressures in the form of escalating tuition will continue to impinge upon colleges and universities in an unabated fashion. While distance learning experiments and electronic assisted teaching may provide some relief in training-centric sectors of higher education, the university enterprise remains a labor intensive endeavor. Technology and healthcare expenses will continue to grow at most institutions at a rate far above the cost-of-living index. Public institutions are finding strong resistance to additional support based on tax revenue. Private institutions are increasingly being questioned about the “value-added” they provide and whether it justifies their premium tuition.

The “old school” model of higher education — build it and they (students) will come

and

pay

for

it — has been eroding since the 1970s. College tuition costs have become a national political issue. As a result, the natural disposition of academic leaders to primarily attend to things academic is no longer possible or prudent. Academic leaders must exercise scrupulous attention toward financial matters or risk the erosion of academic quality as well as a loss of influence and power to business and financial officers in central administration. In this paper, we have argued that the first line of attention should be directed to the establishment of baseline costs for academic and support units (i.e., cost methodology), the importance of a strategic plan and the sharing of financial/operational decisions with local units through RCM (responsibility centered management). From this general change in oversight and perspective, other cost savings ideas that do not diminish academic quality, will likely be uncovered. One thing is clear. Business as usual for academic leaders, which has historically meant minimal attention to the financials of their business, is no longer possible or justified.

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