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# DISCERNING FINANCES THROUGH THE LENS OF MISSION

By **Connie Kanter**

**W**hen asked how the mission relates to the finances of a university, we think of the old adage: “no money, no mission.” Financial management often comes down to this simple but practical perspective. The university’s mission drives its needs, and those needs cannot be met without appropriate funding. The reverse has also been claimed: “no mission, no money.” The compelling mission of a university and its ability to articulate the value of its programs and initiatives are critical in any fundraising effort.

Clearly much could be said on the link between money and mission, but I would like to share a different perspective on the relationship between the mission and money. I want to address how the mission and values of the institution can be lived out in the financial decision-making process itself.

I was new to higher education when I joined Seattle University as its chief financial officer two years ago. I faced two major challenges: I needed to learn what it means to be a Jesuit university; and I was just as intent on learning about the challenges and opportunities for higher education in general and the finances of Seattle University in particular. The Jesuit history, values, and pedagogy permeate so much of what we do at Seattle University and almost immediately offered an opportunity to incorporate these Jesuit values into the financial management practices as well.

Seattle University offers numerous opportunities for staff and faculty to learn about what it means to be a Jesuit institution. Beyond the lectures and reading materials, the greatest resource can be the university’s Jesuit community itself.

Reflecting on the early Jesuits and how decisions were made around their founding, I appropriated the basic principles of Ignatian discernment that can be used in the financial decision process.

A five-step process for discernment was a starting point: context, experience, reflection, action, and evaluation. The opportunity was to consider how each of the elements could inform the financial management of the institution.

## *Indifference*

In order to have a discerning approach, the university leadership has to enter into the process with a sense of *indifference*, which in this case means being open, letting go of one’s biases and prejudices, having the capacity to listen attentively to others. It is fundamental in any discernment. However, financial decision making and formation of the operating budget are typically driven by the personal interests of those involved. Each cabinet member traditionally advocates for his or her own division. In order to start from a place of indifference, each cabinet member must be able to step back and stand in the shoes of one another as we discuss how resources should be allocated. This is not easy. Bringing the cabinet to a sense of shared responsibility is a starting point.

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## Context

The *context* in which our universities operate has evolved over centuries. And in each era, university administrators have undoubtedly felt they were facing the greatest challenges the sector would ever experience. So it may be inappropriate to assert that the current issues around affordability and student debt, competition from community colleges offering four-year degrees, a wide variety of online and hybrid alternatives, rising costs, and changing demographics are some of the greatest challenges that higher education has ever seen. Regardless, the university's financial leadership needs to communicate with the broader community the context in which financial decisions will be made.

At Seattle University, the financial leadership discussed what the university community should know about the finances. We had four simple messages.

Tuition drives revenue.

People drive costs.

Deferred maintenance is growing.

Debt is tapped out.

We developed a presentation and shared it widely with the board of trustees, the president's leadership forum, faculty and staff of the schools and colleges, the alumni board of governors, and students. Our goal was to educate the campus about the context in which we are currently operating.

## Experience

Thinking about *experience* from a financial perspective involves looking at the financial information available to management and considering how this information is used in decision making. As someone new to higher education, I was struck by two realities: 1) the near singular focus on the operating budget, which is vital, but tells only a piece of the story, and 2) that the tuition-generating schools and colleges were considered "cost centers" with no attempt to match revenues against expenses.

The finance department developed new reports to supplement the traditional budget materials. These included reports on gift balances and endowment income. It gave out three-year over/under spending reports highlighting actual results vs. budget.

Looking ahead, the university is developing a financial review model, which will fully allocate revenues and expenses to each of our revenue-generating units, the schools and colleges and the auxiliaries. Much of this work has been accomplished at other Jesuit universities, and we are most fortunate that the financial leadership within AJCU has been so forthcoming in sharing how they have enhanced financial reporting at their institutions.

## Reflection

The only way to allow for *reflection* is to provide time for it in the process. This year the major budget requests, items over \$500,000, were identified in early fall. We took time at each of the cabinet meetings to learn about the requests in greater detail. The cabinet was able to weigh each of the requests over a period of time long before the budget deliberation meetings. Early in the process, the cabinet recognized that major requests would not be fully funded and there would be limited resources available to meet the university's needs. Facing this somewhat harsh reality, it was important for the cabinet to be patient when feeling desolation about the challenge ahead. We were also thankful – feeling consolation – when we learned there was consensus about most priorities among the cabinet members. A key Ignatian principle in discernment is that significant decisions not be made at times of extreme desolation or consolation. Crafting a schedule which provided time for reflection was an important component of the process and for eliciting Ignatian indifference, shared discernment, and eventually a confirming consolation.

## Action

The operating budget is nearly the singular financial management instrument at a university, and forming it is the ultimate *action*. The funding decisions articulated through the budget reflect the university's priorities. As we continue on the journey to enhance financial stewardship at Seattle University, we look forward to how the information we are providing and the way we are engaging leadership will lead to more informed decision making around the university's finances.

## Evaluation

At present, we give too little time to reviewing the actual results of the existing budget. All too soon we are focusing on the next budget far more than on the performance against the existing budget. We look forward to improving our evaluation methods.

Embracing the university's Jesuit tradition and its methods of discernment provides a powerful framework for how the university engages in its critical financial decisions. Ideally this Jesuit tradition can be lived out in all parts of the university and allow the entire team to work in a way that is consistent with and supportive of the mission, values, and culture of the institution. ■