Each year new professionals enter our offices and begin developing a set of skills that support the overall operation (leadership, management, systems, technology, processes, and policies) or an enrollment management specialization (admissions, registration and records, financial aid, institutional research, orientation, academic advising, etc). While developing experts on our campus to fulfill the various specializations, it is also important for organizations to provide the broader higher education perspective that gives context for understanding the decision drivers for public policy and institutional decisions. This article addresses three questions:

1. Why is higher education valued?
2. What are the administrative pillars that support the learning enterprise?
3. What are the top ten factors that influence institutional decision-makers?

Entering higher education administration over twenty years ago, it never dawned on me to try to understand the connections between my daily tasks and my role in the institution, and the value higher education adds to society and individuals. The Institute for Higher Education Policy provided information that clearly outlined the benefits to the society and the individual (see chart) and answers the first question:

**Question**: Why is higher education valued? What are the benefits to the society in general and the individual specifically?

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<thead>
<tr>
<th>Economic</th>
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<tr>
<td>Increased tax revenues</td>
<td>Reduced crime rates</td>
<td>Higher salary &amp; benefits</td>
<td>Improved health &amp; life expectancy</td>
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<tr>
<td>Greater productivity</td>
<td>Increased charitable giving &amp; community service</td>
<td>Employment (less unemployment)</td>
<td>Improved quality of life</td>
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<tr>
<td>Increased consumption</td>
<td>Social cohesion &amp; appreciation for diversity</td>
<td>Higher savings levels</td>
<td>Better consumer decision making</td>
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<tr>
<td>Decreased reliability on governmental financial support</td>
<td>Improved ability to adapt to &amp; use technology</td>
<td>Improved work conditions</td>
<td>Increased personal status</td>
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**Source**: The Institute of Higher Education Policy
This is an important question to understand from two perspectives.

♦ From the public policy perspective, higher education provides significant benefits to the society (see chart) for the public investments made in financial aid (federal and state), physical structures, and employees (faculty and staff). The critical question – is the return on the public’s tax dollars reasonable and is the continued or increased investment warranted?

♦ From the individual’s perspective, the investment in personal time and resources to attend a higher education institution needs to translate to personal benefits. When marketing our programs and counseling prospective students, it’s important to understand why the individual is motivated to go to college. Is it to improve job skills for that next promotion? A chance to experience greater freedom by attending college in another state?

**Question:** What are the pillars that support the learning enterprise?

Regardless of type of institution, the core mission is learning – in the classroom, on-line, internships, study abroad, or through co-curricular activities (performing groups, athletics, student government, etc.). Support for academic leaders and faculty who are on the front line of the learning enterprise requires experts in other fields. Without the following “pillars” to support the learning enterprise, institutions would struggle to achieve their mission and vision:

- **Marketing and Communication:** Develops the messages that will pique interest in the institution, along with the processes and systems to follow-up and respond to inquiries. This effort supports the entire university, and greater resources are used to support the president, recruiting and admissions, alumni relations development, and fundraising.

- **Fundraising:** This a primary revenue stream for most institutions as it provides a funding source that enables the institution to invest in its vision. The following model may be generalized across institutions on the primary components of fundraising.

![Diagram](image)

- **Mega Gifts** - once in a lifetime gift.
- **Planned or Major Gifts** - sometimes gifts of cash, but often real estate, stock or other appreciated assets.
- **Annual Fund** - unrestricted current giving; typically alumni are greatest contributors.

Interspersed between Mega and Major Gifts = contributions from foundations and corporations.

- **Administration and Finance:** Provides leadership and management expertise to insure sound business practices are followed and that progress is made toward institutional goals (vision), while maintaining a balanced budget between incoming revenue streams and outgoing expenditures.

- **Facilities and Infrastructure:** Insures that the buildings, grounds and infrastructures are maintained to effectively support learning and administrative operations. The infrastructure includes information technology (computer network, tele-communications, hardware, software, etc.).
**Enrollment Management - “recruiting satisfied graduates”**: A comprehensive planning and implementation process which maximizes resources to achieve enrollment and net revenue goals. The key principles focus on recruiting the students that will benefit from an institution’s educational programs and retaining them until their educational goals are achieved. A comprehensive approach would include academics, student life, residence life, admissions, financial aid, student accounts, registration and records, orientation, academic advising, and institutional research.

**Question:** When thinking of higher education as a business, what are the “Top Ten Factors” that influence key decisions on campus?

A challenge most institutions face is competing demands among campus units for resources to support existing or new institutional priorities. Typically, the following emerge as the top ten factors when campus administrators wrestle with decisions about where finite resources (funding or personnel) should be invested and/or re-distributed to meet campus priorities:

1. **Revenue Structures:** All revenue streams -- tuition, fees, room and board, auxiliaries (e.g., bookstore, conference services), fundraising, etc. The key question -- should new revenue structures be added or any current structures be eliminated?

2. **Expenditure Structures:** The largest expenditure is compensation, therefore, faculty and staff productivity is a key factor when aligning resources with institutional priorities. Other expenditure structures include maintenance and repairs, capital improvements, operational support (travel, printing, mailing, food service, etc.). For institutions that utilize tuition discounting, financial aid would be expenditure (see discount rates below).

3. **Current Fund Revenue & Expenditures:** Institutional budget for the current fiscal year. The key questions revolve around monitoring the net revenue goals for each revenue stream (net revenue = gross revenue minus expenditures), as well as effective management of departmental budgets in order to be “deficit free” at the end of the fiscal year.

4. **Institutional Selectivity & Yield:** Admissions and, to some extent, financial aid professionals have influence in this area. Selectivity depends on the institutional mission and the admission criteria. The higher the admissions standards (e.g. entering high school or transfer GPA, SAT/ACT scores, etc.) the more selective the institution. Yield is the conversion of new student admits to enrolled students. Financial aid strategy and award packages influence yield rates as students compare the “out of pocket” costs to attend various institutions.

5. **Faculty Workload:** This is a measure for faculty productivity. Institutions quantify the faculty responsibility typically in terms of teaching, research or service activities (e.g. advising, committee work, etc.). As stated earlier, compensation is a critical expenditure structure and faculty workload is one measure of productivity.

6. **Discount Rates:** This is a measure used to determine what percentage of the undergraduate gross tuition revenue is used to support institutional financial aid in the form of merit and/or need based aid. Example: An institution charges $18,000 annually for tuition and $5,400 of the gross revenue is used for institutional financial aid, then the discount rate is 30% (5,400 divided by 18,000 = 30%).

7. **Tenure Status:** This is a factor that influences expenditure structures. Faculty with tenure status or rank annually receive a contract while adjuncts are hired by the class section. This factor is important on several dimensions, as the greater the percentage of tenured faculty, the greater continuity in the learning enterprise which influences
educational quality. The greater percentage of instruction taught by adjuncts, the lower the fixed instructional cost while providing greater flexibility when hiring instructors to meet student class section demand.

8. **Mission and Program Mix:** Institutional mission and program mix are unique to each institution, and become a primary recruiting message for admissions. It is important to note that enrollment leaders and staff also possess the ability to influence program mix, by sharing with supervisors new ideas or hopes expressed by students, parents, high school or college counselors and business leaders. Most institutions are open to exploring new programs or new ways to deliver existing programs.

9. **Maintenance Backlog:** While most of us have heard about “deferred” maintenance due to budget shortfalls, the administration has to make critical decisions when investments need to be made to update existing facilities. Prospective and current students expect the learning environment to be well lighted, the grounds well groomed and the buildings comfortable and accessible.

10. **Alumni Giving:** Essential component for fundraising.

**About the Author:** Janet Ward is Associate Vice President for Information and Data Management at Seattle Pacific University (WA). The author has over 20 years of experience in higher education administration (community college and private four-year institutions) and has held leadership roles in various professional associations; served as PACRAO President (1995-96). jward@spu.edu